

You are hereby summoned to attend a meeting of the

## MAIDSTONE BOROUGH COUNCIL



Date: Wednesday 1 March 2017

Time: 6.30 p.m.

Venue: Town Hall, High Street,  
Maidstone

Membership:

Councillors Adkinson, Barned, Mrs Blackmore,  
Boughton, Brice, D Burton, M Burton,  
Butler (Mayor), Clark, Cox, Cuming,  
Daley, Ells, English, Fermor,  
Fissenden, Fort, Garland, Garten,  
Mrs Gooch, Greer, Mrs Grigg, Harper,  
Harvey, Harwood, Hastie, Hemsley,  
Mrs Hinder, Joy, Lewins, McLoughlin,  
B Mortimer, D Mortimer, Munford,  
Naghi, Newton, Perry, Pickett, Powell,  
Prendergast, Revell, Mrs Ring,  
Mrs Robertson, Round, J Sams,  
T Sams, Springett, Mrs Stockell,  
Vizzard, Webb, Webster,  
de Wiggondene, Wilby, Willis and  
Mrs Wilson

Continued Over/:

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**Issued on 21 February 2017**

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 DEBBIE SNOOK on 01622 602030**. To find out more about the work of the Council, please visit [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

*Alison Broom*

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

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## **AGENDA**

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1. Prayers
2. Apologies for Absence
3. Dispensations (if any)
4. Disclosures by Members and Officers
5. Disclosures of Lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
7. Minutes of the Meeting of the Borough Council held on 7 December 2016 1 - 7
8. Mayor's Announcements
9. Petitions  

Notice has been given pursuant to Council Procedure Rule 12 of the intention to present a petition in the following terms:

We object to the plans by Oakwood Park Grammar School and Saint Augustine's Academy to close the public access and fence off the whole of the Oakwood Park playing fields. We want to keep public access to the site and leave them open as they have been since the 1940's.
10. Question and Answer Session for Members of the Public
11. Questions from Members of the Council to the Chairmen of Committees
12. Current Issues - Report of the Leader of the Council, Response of the Group Leaders and Questions from Council Members
13. Report of the Policy and Resources Committee held on 18 January 2017 - Council Tax Empty Property Discounts 8 - 18
14. Report of the Policy and Resources Committee held on 15 February 2017 - Strategic Plan 2015-2020 (2017/18 Refresh) 19 - 32
15. Report of the Policy and Resources Committee held on 15 February 2017 - Medium Term Financial Strategy 2017/18 Onwards 33 - 51
16. Report of the Audit, Governance and Standards Committee held on 16 January 2017 - Treasury Management Strategy 2017/18 52 - 75
17. Report of the Licensing Committee held on 26 January 2017 - Gambling Act 2005 Statement of Licensing Principles 2016/19 76 - 122
18. Report of the Employment Committee held on 1 February 2017 - Pay Policy Statement 2017 123 - 156

19. Oral Report of the Communities, Housing and Environment Committee to be held on 22 February 2017 (if any)

20. Notice of the following motion has been given by Councillor Harper, seconded by Councillor Adkinson:

**Integrated Transport and Cycling/Walking Strategies**

Maidstone Council, through the approved Integrated Transport Strategy and associated Cycling and Walking Strategy, has adopted policies to achieve modal shift away from our town's over reliance on cars. This is needed both in terms of sustainability and as part of the measures to accommodate the planned increase in the local population assumed by the Local Plan to 2031.

It's unfortunate that KCC has raised objections to the proposals to achieve modal shift from cars to public transport and cycling/walking.

The Council is most concerned about the current consultation proposals for reducing bus services in the Borough and particularly in the Fant and Heath wards. This would be contradictory to the Borough's Integrated Transport Strategy and would likely result in modal shift from buses to cars.

It is therefore recommended that:

- (1) This Council objects to the current bus consultation which will reduce bus services to residents of the Borough both in urban and rural areas.
- (2) This Council takes all necessary action to urge KCC to adopt the MBC Integrated Transport Strategy and Cycling and Walking Strategy.
- (3) This Council recognises that cycling and walking are green non-polluting forms of transport as well as benefiting individuals' health and fitness.

21. Report of the Head of Policy and Communications - Calendar of Meetings 2017/18 157 - 160

22. Appointment of Mayor Select 2017/18

23. Appointment of Deputy Mayor Select 2017/18

**PUBLIC SPEAKING**

In order to book a slot to speak at this meeting of the Council, please contact Debbie Snook on 01622 602030 or by email on [debbiesnook@maidstone.gov.uk](mailto:debbiesnook@maidstone.gov.uk) by 5.00 p.m. one clear working day before the meeting. If asking a question, you will need to provide the full text in writing and specify the Councillor to whom it is to be put. If making a statement, you will need to say which agenda item you wish to speak on. Please note that slots will be allocated on a first come, first served basis.

**PLEASE NOTE**

**MEMBERS ARE REQUESTED TO BRING WITH THEM TO THE MEETING THE FOLLOWING DOCUMENT WHICH HAS BEEN CIRCULATED SEPARATELY:**

**APPENDIX A TO THE REPORT OF THE POLICY AND RESOURCES COMMITTEE RELATING TO THE MEDIUM TERM FINANCIAL STRATEGY 2017/18 ONWARDS**

## **MAIDSTONE BOROUGH COUNCIL**

### **MINUTES OF THE MEETING OF MAIDSTONE BOROUGH COUNCIL** **HELD AT THE TOWN HALL, HIGH STREET, MAIDSTONE ON** **WEDNESDAY 7 DECEMBER 2016**

**Present:** Councillor Butler (The Mayor) and  
Councillors Adkinson, Barned, Mrs Blackmore, Boughton,  
Brice, D Burton, M Burton, Clark, Cox, Cuming, Daley,  
Fermor, Fissenden, Fort, Garland, Garten, Mrs Gooch,  
Greer, Mrs Grigg, Harper, Harvey, Harwood, Hastie,  
Hemsley, Mrs Joy, Lewins, McLoughlin, B Mortimer,  
Munford, Naghi, Newton, Perry, Pickett, Powell,  
Prendergast, Revell, Mrs Ring, Mrs Robertson, Round,  
J Sams, T Sams, Springett, Vizzard, Webb, Webster,  
De Wiggondene, Wilby, Willis and Mrs Wilson

69. **PRAYERS**

Prayers were said by the Reverend Canon Andrew Sewell.

70. **APOLOGIES FOR ABSENCE**

It was noted that apologies for absence had been received from Councillors Ells, English, Mrs Hinder, D Mortimer and Mrs Stockell.

71. **DISPENSATIONS**

There were no applications for dispensations.

72. **DISCLOSURES BY MEMBERS AND OFFICERS**

With regard to the report of the Democracy Committee recommending that the venue of the polling station for Fant Ward (East) be changed from St Michael's School to the Grange Moor Hotel in St Michael's Road, Councillor Boughton said that since he had responded to the consultation exercise and pre-determined the issue, he would leave the meeting when the recommendation was discussed.

73. **DISCLOSURES OF LOBBYING**

There were no disclosures of lobbying.

74. **EXEMPT ITEMS**

**RESOLVED:** That the items on the agenda be taken in public as proposed.

75. MINUTES OF THE MEETING OF THE BOROUGH COUNCIL HELD ON 21 SEPTEMBER 2016

**RESOLVED:** That the Minutes of the meeting of the Borough Council held on 21 September 2016 be approved as a correct record and signed.

76. MAYOR'S ANNOUNCEMENTS

The Mayor welcomed Councillor Barned to his first meeting of the Council since his re-election in September. The Mayor explained that Councillor Barned had been unable to attend the last Council meeting due to ill-health. The Mayor also welcomed Councillor Mrs Blackmore who had been unable to attend the last Council meeting on the grounds of ill-health.

The Mayor then updated Members on recent and forthcoming mayoral engagements, and thanked them, the Deputy Mayor and former Mayors for their support.

During his announcements, the Mayor made specific reference to the announcement that Maidstone's Invicta Park Barracks would close in 2027. He also congratulated Maidstone YMCA (Tovil and Loose Centres) which had won YMCA of the year in the YMCA Youth Matters Awards 2016.

77. PETITIONS

There were no petitions.

78. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

79. QUESTIONS FROM MEMBERS OF THE COUNCIL TO THE CHAIRMEN OF COMMITTEES

There were no questions from Members.

80. CURRENT ISSUES - REPORT OF THE LEADER OF THE COUNCIL, RESPONSE OF THE GROUP LEADERS AND QUESTIONS FROM COUNCIL MEMBERS

The Leader of the Council submitted her report on current issues.

After the Leader of the Council had submitted her report, Councillor Mrs Blackmore, the Leader of the Conservative Group, Councillor Mrs Gooch, the Leader of the Independent Group, Councillor Powell, the Leader of the UKIP Group, and Councillor Harper, the Leader of the Labour Group, responded to the issues raised.

Note: Councillor Fort entered the meeting after the Leader of the Council had submitted her report. Councillor Fort said that she had no interests to declare.

81. REPORT OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE HELD ON 19 SEPTEMBER 2016 - AUDIT, GOVERNANCE AND STANDARDS COMMITTEE - ANNUAL REPORT TO COUNCIL 2015/16

It was moved by Councillor McLoughlin, seconded by Councillor Daley, that the recommendation of the Audit, Governance and Standards Committee regarding the Committee's Annual Report to Council 2015/16 be approved.

**RESOLVED:** That the Audit, Governance and Standards Committee's Annual Report to Council 2015/16, attached as Appendix A to the report of the Audit, Governance and Standards Committee, be noted.

82. REPORT OF THE STRATEGIC PLANNING, SUSTAINABILITY AND TRANSPORTATION COMMITTEE HELD ON 11 OCTOBER 2016 - COMMUNITY INFRASTRUCTURE LEVY: DRAFT CHARGING SCHEDULE SUBMISSION

It was moved by Councillor D Burton, seconded by Councillor De Wiggondene, that the recommendation of the Strategic Planning, Sustainability and Transportation Committee regarding the Community Infrastructure Levy: Draft Charging Schedule and Draft Regulation 123 List be approved.

**RESOLVED:** That the Community Infrastructure Levy: Draft Charging Schedule and Draft Regulation 123 List, attached as Appendices A and B respectively to the report of the Strategic Planning, Sustainability and Transportation Committee, be approved for submission to the Planning Inspectorate for examination in accordance with Regulation 19 of the Community Infrastructure Levy Regulations 2010 (as amended).

83. REPORT OF THE COMMUNITIES, HOUSING AND ENVIRONMENT COMMITTEE HELD ON 18 OCTOBER 2016 - ADOPTION OF BYELAWS FOR COSMETIC PIERCING AND SEMI-PERMANENT SKIN COLOURING

It was moved by Councillor Mrs Ring, seconded by Councillor Barned, that the recommendation of the Communities, Housing and Environment Committee regarding the adoption of new byelaws to cover cosmetic piercing and semi-permanent skin colouring be approved.

**RESOLVED:** That byelaws be adopted for registering businesses involved in cosmetic piercing and semi-permanent skin colouring by implementing Section 120 and Schedule 6 of the Local Government Act 2003 based on models provided by the Department of Health as set out in Appendices 1 and 2 to the report of the Communities, Housing and Environment Committee.

84. REPORT OF THE STRATEGIC PLANNING, SUSTAINABILITY AND  
TRANSPORTATION COMMITTEE HELD ON 8 NOVEMBER 2016 -  
STAPLEHURST NEIGHBOURHOOD DEVELOPMENT PLAN

It was moved by Councillor D Burton, seconded by Councillor McLoughlin, that the recommendation of the Strategic Planning, Sustainability and Transportation Committee regarding the adoption of the Staplehurst Neighbourhood Development Plan to become part of the Development Plan for Maidstone be approved.

In moving the recommendation, Councillor D Burton congratulated all those involved in the preparation of the Staplehurst Neighbourhood Development Plan and thanked them for their efforts.

Councillors Perry and Brice, Ward Members for Staplehurst, also thanked the Parish Councillors, local residents and Borough Council Officers who had been involved in the preparation of the Plan for their work and commitment.

**RESOLVED:** That the Staplehurst Neighbourhood Development Plan, attached as Appendix A to the report of the Strategic Planning, Sustainability and Transportation Committee, be made (adopted) and becomes part of the Development Plan for Maidstone.

85. REPORT OF THE DEMOCRACY COMMITTEE HELD ON 16 NOVEMBER 2016 -  
ST MICHAEL'S SCHOOL POLLING STATION REVIEW

Having stated that he had pre-determined this issue, Councillor Boughton left the meeting when it was discussed.

It was moved by Councillor Fissenden, seconded by Councillor Mrs Joy, that the recommendation of the Democracy Committee regarding the venue of the polling station for Fant Ward (East) be approved.

**RESOLVED:** That the venue of the polling station for Fant Ward (East) be changed from St Michael's School to the Grange Moor Hotel in St Michael's Road.

86. REPORT OF THE DEMOCRACY COMMITTEE HELD ON 16 NOVEMBER 2016 -  
WEBCASTING SERVICE

It was moved by Councillor Boughton, seconded by Councillor Prendergast, that the recommendation of the Democracy Committee regarding the use of the webcasting voting system be approved with the addition of the following after the word "decision" in the third line:

"as follows:

Part 3.1, Rule 21.3 – Show of Hands

Amend to read:



#### Part 3.1, Rule 21.3 – Means of Voting

Unless a recorded vote is demanded under Rule 21.4, the Mayor will take the vote by electronic vote, show of hands, or if there is no dissent, by the affirmation of the meeting.

#### Part 3.1, Rule 21.4 - Recorded Vote

Amend to read:

If five Councillors present at a Council meeting, three Councillors present at a Committee or two Councillors present at a Sub-Committee meeting demand it, the names for and against the motion or amendment or abstaining from voting will be recorded using electronic voting or taken down in writing and entered into the minutes."

**RESOLVED:** That the use of the webcasting voting system to ensure transparency and accuracy at meetings be approved, and that the Constitution be amended to reflect this decision as follows:

#### Part 3.1, Rule 21.3 – Show of Hands

Amend to read:

#### Part 3.1, Rule 21.3 – Means of Voting

Unless a recorded vote is demanded under Rule 21.4, the Mayor will take the vote by electronic vote, show of hands, or if there is no dissent, by the affirmation of the meeting.

#### Part 3.1, Rule 21.4 - Recorded Vote

Amend to read:

If five Councillors present at a Council meeting, three Councillors present at a Committee or two Councillors present at a Sub-Committee meeting demand it, the names for and against the motion or amendment or abstaining from voting will be recorded using electronic voting or taken down in writing and entered into the minutes.

#### 87. REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 23 NOVEMBER 2016 - COUNCIL TAX REDUCTION SCHEME 2017/18

It was moved by Councillor Mrs Wilson, seconded by Councillor Mrs Blackmore, that the recommendation of the Policy and Resources Committee regarding the Council Tax Reduction Scheme 2017/18 be approved with the addition of the following after the word "below" in the sixth line:

", to be effective from 1 April 2017 for a period of one financial year:"

**RESOLVED:** That having noted the outcome of the public consultation and considered the potential impact of the proposed changes on working age claimants with the protected characteristics of disability, age and sex, under the Equalities Act 2010, the Council Tax Reduction Scheme, attached as Appendix B to the report of the Policy and Resources Committee, as amended by the Policy and Resources Committee at its meeting on 23 November 2016 as detailed below, be approved to be effective from 1 April 2017 for a period of one financial year:-

**Option 1** – Reduce the maximum level of support for working age applicants from 87% to 80%.

**Option 2** – Remove the Family Premium for all new working age applicants.

**Option 5** – Reduce the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks.

**Option 11** – Remove the work related activity component in the calculation of Council Tax Reduction.

**Option 12** – Limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two.

**Option 13** – Introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship.

88. ORAL REPORT OF THE HERITAGE, CULTURE AND LEISURE COMMITTEE HELD ON 29 NOVEMBER 2016

There was no report from the Heritage, Culture and Leisure Committee on this occasion.

89. ORAL REPORT OF THE LICENSING COMMITTEE HELD ON 1 DECEMBER 2016

There was no report from the Licensing Committee on this occasion.

90. REPORT OF THE DIRECTOR OF FINANCE AND BUSINESS IMPROVEMENT - EXTERNAL AUDIT PROCUREMENT

It was moved by Councillor McLoughlin, seconded by Councillor Perry, that the recommendations set out in the report of the Director of Finance and Business Improvement relating to the appointment of external auditors be approved.

**RESOLVED:**

1. That Public Sector Audit Appointments' (PSAA) invitation to opt into the sector led option for appointment of external auditors for five financial years starting 1 April 2018 be accepted.

2. That the Director of Finance and Business Improvement be authorised to liaise with PSAA and respond to its consultations on specific proposals as they come forward.

91. MEMBERSHIP OF COMMITTEES

It was moved by the Mayor, seconded by Councillor Boughton, and

**RESOLVED:** That the following changes to the membership of Committees be approved to reflect the wishes of the Leader of the Conservative Group:

**Heritage, Culture and Leisure Committee**

Add Councillor Prendergast as a Substitute Member of the Committee

**Licensing Committee**

Delete Councillor Greer as a Member of the Committee and add Councillor Revell

Add Councillor Greer as a Substitute Member of the Committee

**Planning Committee**

Add Councillor Greer as a Substitute Member of the Committee

**Policy and Resources Committee**

Add Councillors Perry and Prendergast as Substitute Members of the Committee

92. DURATION OF MEETING

6.30 p.m. to 7.30 p.m.

# Agenda Item 13

## **MAIDSTONE BOROUGH COUNCIL**

### **COUNCIL**

**1 MARCH 2017**

### **REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 18 JANUARY 2017**

#### **COUNCIL TAX EMPTY PROPERTY DISCOUNTS**

##### **Issue for Decision**

To consider the Council Tax Empty Property Discount Policy.

##### **Recommendation Made**

That the Council Tax Empty Property Discount Policy as attached at Appendix B be approved.

##### **Reasons for Recommendation**

The Policy and Resources Committee, at its meeting held on 18 January 2017 considered the report of the Mid Kent Services Director on Council Tax Empty Property Discounts (copy attached at Appendix A). It was noted that:-

- The Local Government Finance Act 2012 introduced discretion for Councils to vary the Council Tax discounts for certain categories of empty properties, whilst maintaining a range of mandatory discounts and exemptions.
- The discretions allow the Council to vary the exemption and replace it with a local discount where:-
  - a property becomes unoccupied and is left substantially unfurnished (6 month exemption); or
  - a property is vacant and it requires or is undergoing major repair works to render it habitable; it is undergoing structural alteration; or less than 6 months have elapsed since the date on which such work was substantially completed (12 month exemption).
- The Council exercised its discretion with effect from April 2013 in removing the exemption for properties that are unoccupied and unfurnished and replaced it with a local discount for 1 month.

- In making such a change the cost of the exemption was reduced substantially. However, with 4,287 properties continuing to receive the reduced 1 month discount the cost remains high.
- The Council has not exercised its discretion to remove the exemption for properties requiring/undergoing major works. 308 properties in 2015/16 received such a discount at a total cost of £199,000. The average reduction per property was £646.00 representing the charge for 145 days.
- Given the increasing pressures on housing and local government finance it is proposed that these discounts are further amended, with the existing discretionary discounts removed.
- The Revenues and Benefits Shared Service employs 3 FTE Property Inspectors. If the discretionary discounts were removed, the Council Tax Inspector's workload would be reduced through not having to inspect and verify entitlement to discounts, providing the opportunity to reduce the resources by 1 FTE and saving £20,000 in administration. Such a saving would be dependent on Tunbridge Wells Borough Council making a similar change to their empty property discounts.

The Committee noted that where there was a natural disaster, a fire or flood, or malicious damage which left a property uninhabitable, officers would have discretion to award a discount of up to 12 months in these circumstances.

### **Alternatives Considered and Why Not Recommended**

1. Do nothing. This would mean discounts are awarded as they are now and no additional Council Tax would be generated.
2. The Council could choose to only remove the one month discount for unoccupied and unfurnished properties, this would generate an estimated £289,000 in additional council tax, providing the Council with £43,350 based on its share of the precept. The reduction in workload would not be sufficient to reduce staffing.
3. The main disadvantage with removing the one month discount would be for landlords where they are looking to carry out minor repairs and re-decorate properties before the start of a new tenancy. The landlord would immediately become liable to pay full Council Tax in between tenancies whereas currently they benefit from up to one month discount. However, many other councils have now removed the one month empty discount and have found that this discretion has now been accepted. The current demand for rented accommodation means that landlords can expect to be able to re-let property promptly, and this demand unlikely to diminish in

the foreseeable future.

4. If the Council chose to remove the 12 month discount for properties under major works, this would generate an estimated £199,000 in additional council tax, providing the Council with £29,850 based on its share of the precept.

In the case of removal of the uninhabitable discount, there is likely to be resistance from owners who are unable to occupy their properties because they need major repair works or structural alterations to make the property habitable. However, removal of this discount may encourage owners to bring their properties back into use and support the Council's wider aims to reduce the number of empty properties in the borough. Other Councils have found that where this discount has been removed, this discretion has now been accepted.

## **Appendices**

**Appendix A** - Report of the Director of Mid Kent Services on Council Tax Empty Property Discounts to Policy and Resources Committee

**Appendix B** - Council Tax Empty Property Discount Policy

# **POLICY AND RESOURCES COMMITTEE**

**18<sup>th</sup> January 2017**

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

**No**

## **Council Tax Empty Property Discounts**

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Lead Officer and Report Author</b>	Sheila Coburn, Head of Revenues and benefits (interim)
<b>Classification</b>	Public
<b>Wards affected</b>	All

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

1. That the Committee recommends to Council that the Council Tax Empty Property Discount Policy (appendix A) be approved.
2. That the Committee notes the intention to maintain protection to those properties which are uninhabitable due to natural disaster such as flooding or malicious damage.

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

- Keeping Maidstone Borough an attractive place for all – Removal of the discounts will encourage empty properties being brought back into use
- Securing a successful economy for Maidstone Borough – Removal of the discounts will increase available funding to support local services

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	18 <sup>th</sup> January 2017
Council	1 <sup>st</sup> March 2017

## **Council Tax Empty Property Discounts**

### **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 Council Tax legislation provides for a number of statutory and discretionary discounts for empty properties.
  - 1.2 The council amended its policy for the award of empty property discounts from April 2013, reducing the level of discount to certain categories of empty properties.
  - 1.3 Given the increasing pressures on housing and local government finance it is proposed that these discounts are further amended, with the existing discretionary discounts removed.
  - 1.4 Removal of discretionary Council Tax discounts will provide greater incentive for empty properties to be returned to use, increase income through council tax and reduce the cost of administration.
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### **2. INTRODUCTION AND BACKGROUND**

- 2.1 The Local Government Finance Act 2012 introduced discretion for councils to vary the Council Tax discounts for certain categories of empty properties, whilst maintaining a range of mandatory discounts and exemptions.
- 2.2 The discretion allows the council to vary the exemption and replace it with a local discount where:
  - A property becomes unoccupied and is left substantially unfurnished (6 month exemption); or
  - A property is vacant and it requires or is undergoing major repair works to render it habitable; it is undergoing structural alteration; or less than 6 months have elapsed since the date on which such work was substantially completed (12 month exemption).
- 2.3 The council exercised this discretion from April 2013 in removing the exemption for properties that are unoccupied and unfurnished and replacing it with a local discount for 1 month.
- 2.4 In making such a change the cost of the exemption was reduced from £991,000 in 2012/2013 to £289,000 in 2015/2016. However, with 4,287 properties continuing to receive the reduced 1 month discount the cost remains high.
- 2.5 The average value of the discount awarded is £67.50, representing the charge for 17 days.



## APPENDIX A

- 2.6 The council has not exercised its discretion to remove the exemption for properties requiring/undergoing major works. In 2015/2016, 308 properties received such as discount at a total cost of £199,000. The average reduction per property was £646.00, representing the charge for 145 days.
- 2.7 Examples of mandatory discounts and exemptions for unoccupied properties which will be unaffected by the proposed change include circumstances where:
- Liable person has died
  - Liable person is living in hospital or a care home
  - Liable person is living elsewhere to provide personal care
  - Liable person is a student living away
  - Liable person is in prison
  - Liable person is a charity
  - Occupation is prohibited by law
- 2.8 The Revenues and Benefits shared service employs 3 FTE property inspectors. If the discretionary discounts were removed, the Council Tax inspector's workload would be reduced through not having to inspect and verify entitlement to discounts, providing the opportunity to reduce by 1 FTE and saving £20,000 in administration. Such a saving would be dependent on TWBC making a similar change to their empty property discounts.
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### **3. AVAILABLE OPTIONS**

- 3.1 Option 1 - 'do nothing' will mean discounts are awarded as they currently are and no additional Council Tax will be generated.
- 3.2 Option 2 - The council can choose to remove both of the discretionary discounts currently available. In doing so the council would generate an estimated £488,000 in additional council tax, providing MBC with £73,200 based on its share of the precept. A further £20,000 saving would also be available through reduced staffing providing a total saving of £93,200.
- 3.3 Option 3 - If the council chose to only remove the one month discount for unoccupied and unfurnished properties, this would generate an estimated £289,000 in additional council tax, providing MBC with £43,350 based on its share of the precept. The reduction in workload is not expected to be sufficient to reduce staffing. However, this would continue to be monitored.
- 3.4 The main disadvantage with removing the one month discount would be for landlords where they are looking to carry out minor repairs and re-decorate properties before the start of a new tenancy. The landlord would immediately become liable to pay full Council Tax in between tenancies whereas currently they benefit from up to one month discount. However, many other councils have now removed the one month empty discount and have found that this discretion has now been accepted. The current demand for rented accommodation means that landlords can expect to be

able to re-let property promptly, and this demand unlikely to diminish in the foreseeable future.

- 3.5 Option 4 - If the council chose to remove the 12 month discount for properties under major works, this would generate an estimated £199,000 in additional council tax, providing MBC with £29,850 based on its share of the precept.
- 3.6 In the case of removal of the uninhabitable discount, there is likely to be resistance from owners who are unable to occupy their properties because they need major repair works or structural alterations to make the property habitable. However, removal of this discount may encourage owners to bring their properties back into use and support the council's wider aims to reduce the number of empty properties in the borough. Other councils have found that where this discount has been removed, this discretion has now been accepted.

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

- 4.1 Given the local pressures on housing and local government finance it is recommended that option 2 be progressed, with both local discounts removed from 1st April 2017.
- 4.2 The main argument for not progressing such a change would be the issue of fairness to non resident owners, who it could be said are being asked to pay for services that they do not use. Such services include refuse collection.
- 4.3 In considering that issue it is important to acknowledge that non resident owners are unlikely to use the full range of services funded through council tax. However, council tax is not charged on the basis that residents or non resident owners will use every service.
- 4.4 Many services such as planning, highways, street cleaning, local policing and fire services are essential in maintaining the local environment for both residents and non resident owners. Those services do not stop or reduce in cost when a property becomes empty with the cost of awarding discounts currently subsidised by the wider council tax payer.
- 4.5 However, it is further recommended that where there has been a natural disaster, a flood or a fire which leave a property uninhabitable, officers have discretion to award a discount of up to 12 months in these circumstances.

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

- 5.1 The decision to reduce the empty property discount from 6 months to 1 month was considered and agreed by Full Council in December 2012, following a full public consultation.

- 5.2 There is no requirement for another consultation regarding the proposal to further reduce the discount.

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

- 6.1 Subject to the approval by the Committee and Full Council, details of the change will be made available through the Maidstone Link (formerly the Gateway), Website and within information provided with the Council Tax demand.
- 6.2 Information will also be included with all communications being sent to private landlords to further promote awareness of the change.

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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	Support the council's aim to reduce the number of empty properties and increase the number of available homes within the borough.	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Risk Management</b>	No impact	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Financial</b>	The financial impact on non resident owners and Council is set out within the body of the report. The additional income generated by the changes set out in this report will help the Council achieve a balanced budget position in 2017/18 and subsequent years.	Mark Green, Director of Resources and Business Improvement (S151 Officer)
<b>Staffing</b>	The recommended change would support a reduction in staffing of 1 FTE.	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Legal</b>	Discretion to set a local policy on empty property discounts is set out with S11 Local Government Finance Act 2012.	Estelle Culligan, Head of Legal Services (Interim)

<b>Equality Impact Needs Assessment</b>	An Equality Impact Assessment has been undertaken and the changes are not expected to adversely impact on residents with protected characteristics as defined by the Equalities Act.	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Environmental/Sustainable Development</b>	No impact.	Sheila Coburn, Head of Revenues and Benefits (interim) [Head of Service or Manager]
<b>Community Safety</b>	No impact	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Human Rights Act</b>	No impact	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Procurement</b>	No impact	Sheila Coburn, Head of Revenues and Benefits (interim)
<b>Asset Management</b>	No Impact	Sheila Coburn, Head of Revenues and Benefits (interim)

## 8. REPORT APPENDICES

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

- Appendix I: Council Tax Empty Property Policy

## 9. BACKGROUND PAPERS

None

## **COUNCIL TAX EMPTY PROPERTY POLICY**

The Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012, The Council Tax (Exempt Dwellings) Order 1992, The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 allow for Council Tax discounts and exemptions to be awarded for empty properties. The statutory exemptions are:

- Property owned by charity (maximum 6 months)
- Property where the liable person has died and awaiting probate/transfer to beneficiaries
- Property where occupation is prohibited by law (e.g. Planning/Housing/Environmental health reasons)
- Property that is held empty for minister of religion to take up residence
- Property that is left unoccupied by a student
- Property where the mortgagee is in possession
- Property that has been left empty by a bankrupt
- Property where the unoccupied annexe cannot be let separately due to planning restrictions
- Property left empty by a person in prison
- Property left empty by a person living in a hospital/care home
- Property left empty by a person who needs personal care elsewhere
- Property left empty by a person who is providing care elsewhere
- An empty caravan pitch or empty boat
- A dwelling left empty because an individual is living in another dwelling provided for the purposes of armed forces accommodation

In addition to the above exemptions, the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 amended discretionary discounts for unoccupied properties

1. Where a property becomes unoccupied and substantially unfurnished
2. Where a property is requiring or undergoing major repairs or structural alterations to render it habitable

In the case of 1, any discount is applicable for a maximum continuous period of 6 months. The billing authority may set the discount of between 100% and 0%.

In the case of 2, any discount is applicable for a maximum continuous period of 12 months. The billing authority may set the discount of between 100% and 0%.

Maidstone Borough Council has decided the discount for properties in 1 and 2 will be 0% effective from 1 April 2017.

Maidstone Borough Council will only consider a discount where a property is uninhabitable because of a natural disaster such as flooding, or malicious damage which can be substantiated by a police report number.

### **Appeal rights**

If a person feels they have not been awarded an exemption or discount to which they should be entitled, there is a right of appeal.

In the first instance an appeal should be made to the council for the decision to be reconsidered.

If the original decision is not changed, the council will advise you of how to appeal to an independent Valuation Tribunal

## **MAIDSTONE BOROUGH COUNCIL**

### **COUNCIL**

**1 MARCH 2017**

### **REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 15 FEBRUARY 2017**

#### **STRATEGIC PLAN 2015-20, 2017-18 REFRESH**

##### **Issue for Decision**

To consider the Strategic Plan, which has been refreshed for 2017-18.

##### **Recommendation Made**

That the Strategic Plan 2015-20, 2017-18 Refresh, attached as Appendix A , be approved and adopted by Council.

##### **Reasons for Recommendation**

Each Service Committee has considered changes to the specific areas within the Strategic Plan relevant to the committee. The suggestions for changes for each committee were then compiled into one document for the Policy and Resources Committee to agree a final draft and recommend it to council.

The Strategic Plan 2015-20, 2017-18 Refresh, attached as Appendix A, is therefore recommended to council for adoption.

##### **Alternatives Considered and Why Not Recommended**

The Policy and Resources Committee could have decided not to update the plan. However this would mean the current Strategic Plan would be out of date, and would not reflect changes to legislation, progress on policies and projects and changes to the council's financial position since the plan was last adopted by Council.

**STRATEGIC PLAN 2015-2020 (2017/18 REFRESH)**



Maidstone Borough Council's

# Strategic Plan

2015-2020

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# Foreword from the Leader, Councillor Fran Wilson



I am writing this foreword as an update to our strategic plan during a period of severe financial constraints as we continue to focus on delivering a full range of services with all revenue support from central government removed. Despite this challenge the council remains ambitious for this year and has identified three areas for action:

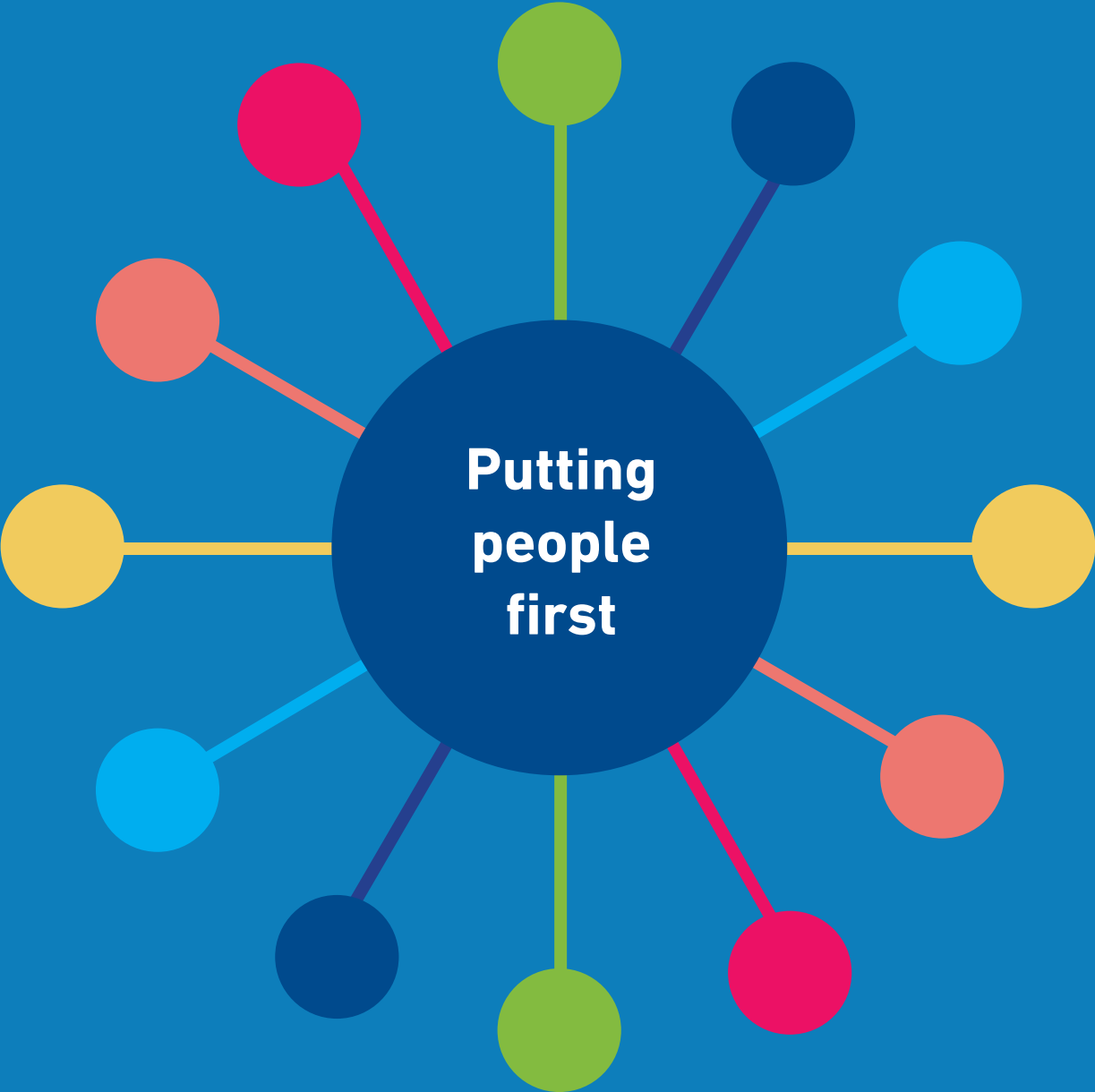
- A home for everyone
- A clean and safe environment and;
- Regenerating the town centre

As a council our mission is to put people first. The three areas of focus will see action to ensure we have an attractive borough that respects our heritage and environment. This year we will deliver a new housing and regeneration strategy which will focus on providing much needed sustainable housing for our residents across the borough and further investment in Maidstone town centre. The importance of maintaining clarity of communication between us and all our interested parties cannot be over emphasised if we are going to achieve our priorities and ensure we are all working towards a common goal. I want our residents to be proud of where they live, our businesses to be enabled to thrive and our visitors to enjoy our offer to the extent that they would come back to Maidstone over and over again.

A handwritten signature in black ink, reading "Fran Wilson".

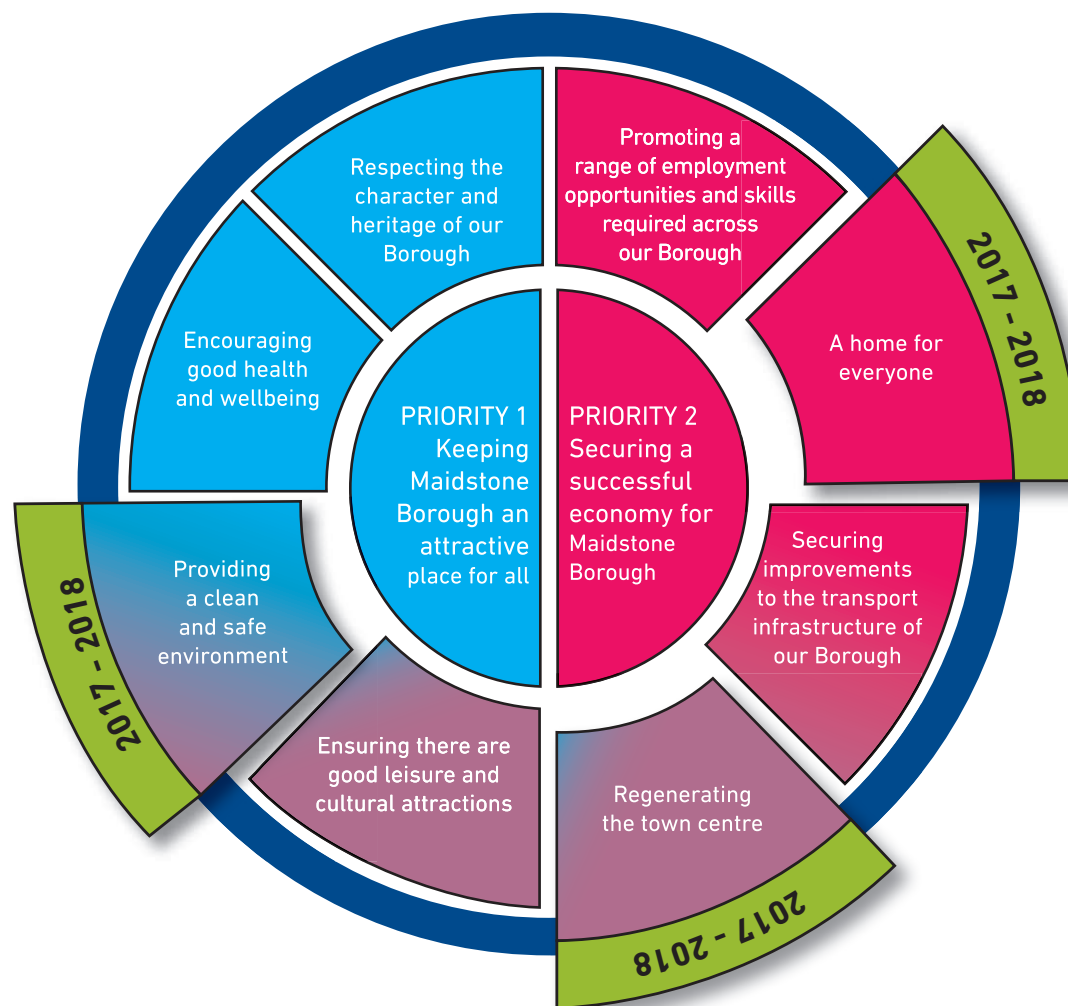
**Fran Wilson**  
**Leader of the Council**





# 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.



## Providing a Clean and Safe Environment

Maidstone Borough Council is committed to creating an attractive environment which is safe, well maintained and clean. Our borough does not experience high levels of crime and through the Community Safety Partnership, we aim to protect the most vulnerable people in our community.

Our recycling levels have reached 51%. Maidstone has areas of poor air quality due to high concentrations of nitrogen dioxide associated with road traffic and has designated the urban area of the borough as an Air Quality Management Zone.

### **We want:**

People to feel safe in the borough and experience an attractive, clean and safe environment.

### **We will commit to:**

- Investing to improve street infrastructure and the efficiency of cleansing services in accordance with our medium term financial strategy
- Delivering the Waste and Recycling Strategy
- Delivering the Community Safety Plan 2017-18
- Delivering the Low Emissions Strategy

## Encouraging Good Health and Wellbeing

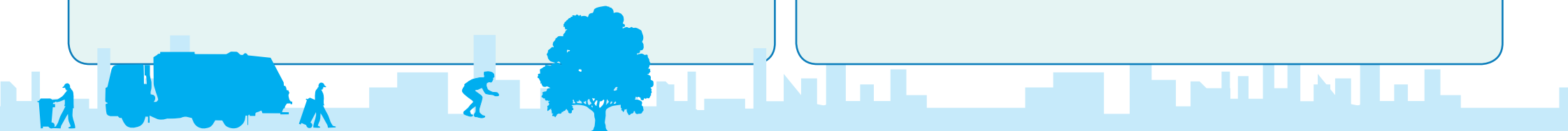
Deprivation in the borough is lower than average, however 15.2% (4,455) of children (under 16 years old) in Maidstone live in poverty. There is a difference in life expectancy of men and women; women are expected to live 3 years longer than men and there is a 11 year gap between the ward with the highest life expectancy and the one with the lowest life expectancy

### **We want:**

- To address 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
- To improve health outcomes for residents and reduce health inequality

### **We will commit to:**

- Delivering our Housing Strategy
- Delivering our Health and Wellbeing Action Plan
- Adopting and delivering our Parks and Open spaces 10 year strategic plan



## Respecting the Character and Heritage of our Borough

Maidstone is a largely rural borough with high quality landscapes, countryside and urban green spaces and associated rich bio-diversity. Our borough has many attractive and protected buildings and we want these to remain in place for future generations. Our focus on economic prosperity embraces the need to protect and enhance these features so that the borough remains a great place to live, work and visit.

### We want:

- Thriving and resilient urban and rural communities
- To continue to listen to our communities
- To continue to respect our heritage and natural environment
- To continue to devolve services where we can and work with Kent County Council to do the same

### We will commit to:

- Delivering the Local Plan
- Delivering the Green and Blue Infrastructure Strategy
- Adopting and delivering our Parks and Open Spaces 10 year strategic plan
- Delivering and honouring our Parish Charter
- Working with our Parishes and Communities on the design of their neighbourhoods

## Ensuring there are Good Leisure and Cultural Attractions

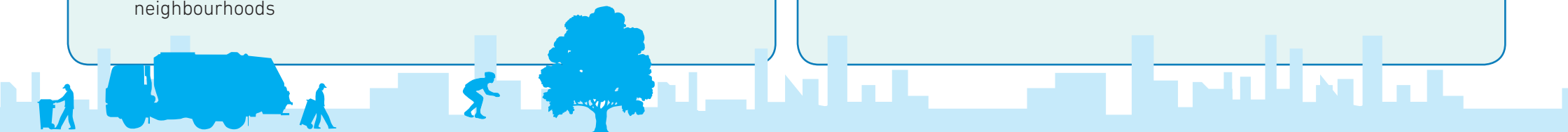
There is always something to see or do in our borough reflecting the wide variety of venues, facilities and good quality public spaces. This not only enhances quality of life for Maidstone residents but also contributes significantly to the local economy. Our population is increasing at the highest rate in Kent. We are also growing as a destination for visitors and so our leisure and culture offer has continued importance for those living in and visiting the borough.

### We want:

Maidstone to have a leisure and cultural offer which attracts visitors and meets the needs of our residents.

### We will commit to:

- Delivering the Commercialisation Strategy which refers to a sustainable future for our parks
- Delivering the Destination Management Plan
- Delivering the Festival and Events Strategy
- Adopting and delivering the Museum's 20 year plan
- Adopting and delivering the Parks and Open Spaces 10 year Strategic Plan



## Regenerating the Town Centre

Maidstone has a thriving town centre benefiting from its role as the county town and has a diverse mix of residential, business, retail, cultural uses and public services. The changing economic environment has created challenges and the need for further investment in the town centre to meet the expectations of residents, businesses and visitors.

### **We want:**

To ensure we have a thriving and attractive town centre that values our heritage and is fit for the future.

### **We will commit to:**

- Delivering the Local Plan
- Delivering the Housing and Regeneration Strategy
- Delivering the Destination Management Plan

## Securing Improvements to the Transport Infrastructure for our Borough

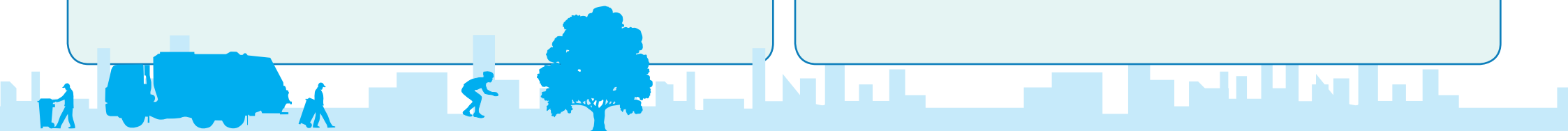
Maidstone is strategically situated between London and the channel ports and is serviced by two motorway networks, the M20 and the M2, with rail connections to central London. We do however recognise that travelling in and around the borough by car during peak periods can be difficult due to congestion. The bus transport network serving Maidstone town is relatively strong whilst rural transport presents distinct challenges

### **We want:**

A sustainable transport network that meets the needs of residents, businesses and visitors.

### **We will commit to:**

- Delivering the Integrated Transport Strategy
- Delivering the Walking and Cycling Strategy



## A Home for Everyone

The supply of new affordable housing within the borough has been greater than in neighbouring authorities, although still less than historical levels. 139 new affordable homes were built in the borough in 2015/16. 13% of Maidstone households live in socially rented accommodation which is comparable to the rest of Kent.

### **We want:**

To have enough homes to meet our residents' long term needs, to include homes for affordable rent and affordable home ownership. These must be economically sustainable for all our residents.

### **We will commit to:**

- Delivering the Local Plan
- Delivering the Housing and Regeneration Strategy
- Delivering the Housing Strategy
- Delivering the Temporary Accommodation Strategy

## Range of Employment Skills and Opportunities Across the Borough

There were 83,200 people employed in the Maidstone economy in 2015/16 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital. There were 7,080 registered businesses in Maidstone in 2016, equivalent to 43 businesses per 1,000 population, compared to 39 for England and above average rate of self-employment

### **We want:**

To meet the skills needs of our residents and employers, supporting existing businesses and attracting new ones.

### **We will commit to:**

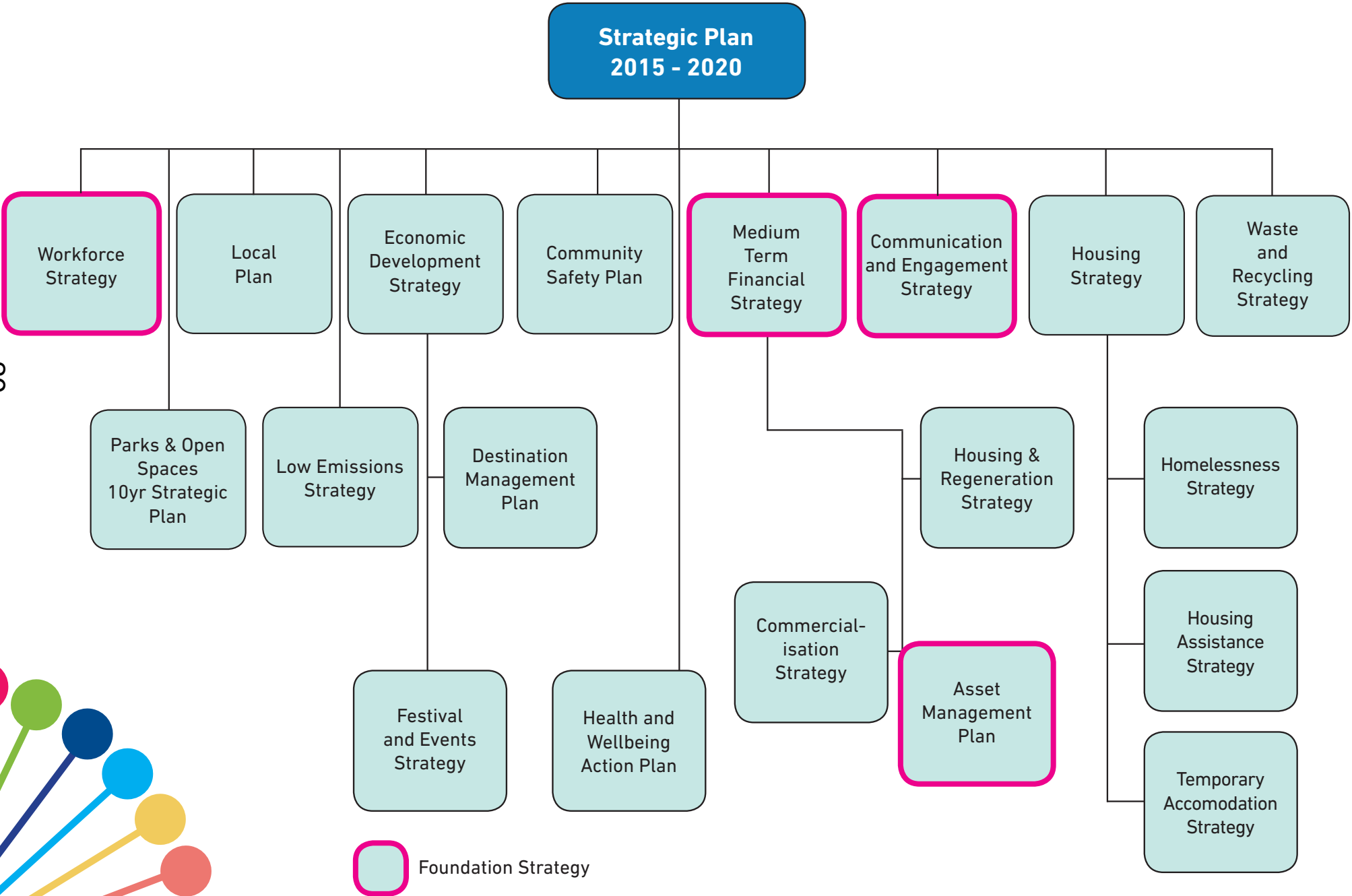
- Delivering our Economic Development Strategy
- Working with businesses to support them to grow and develop



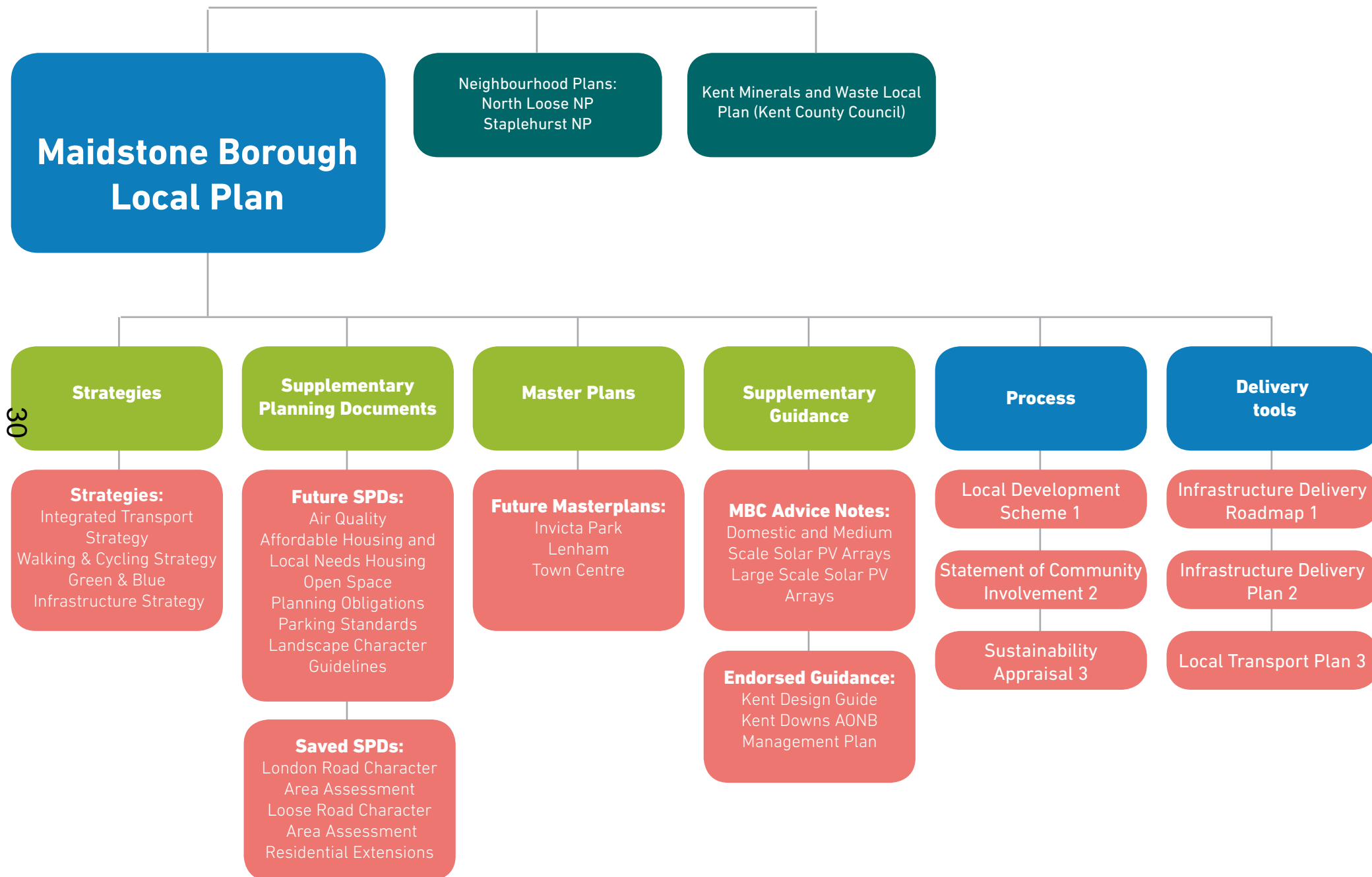


# Strategy Map

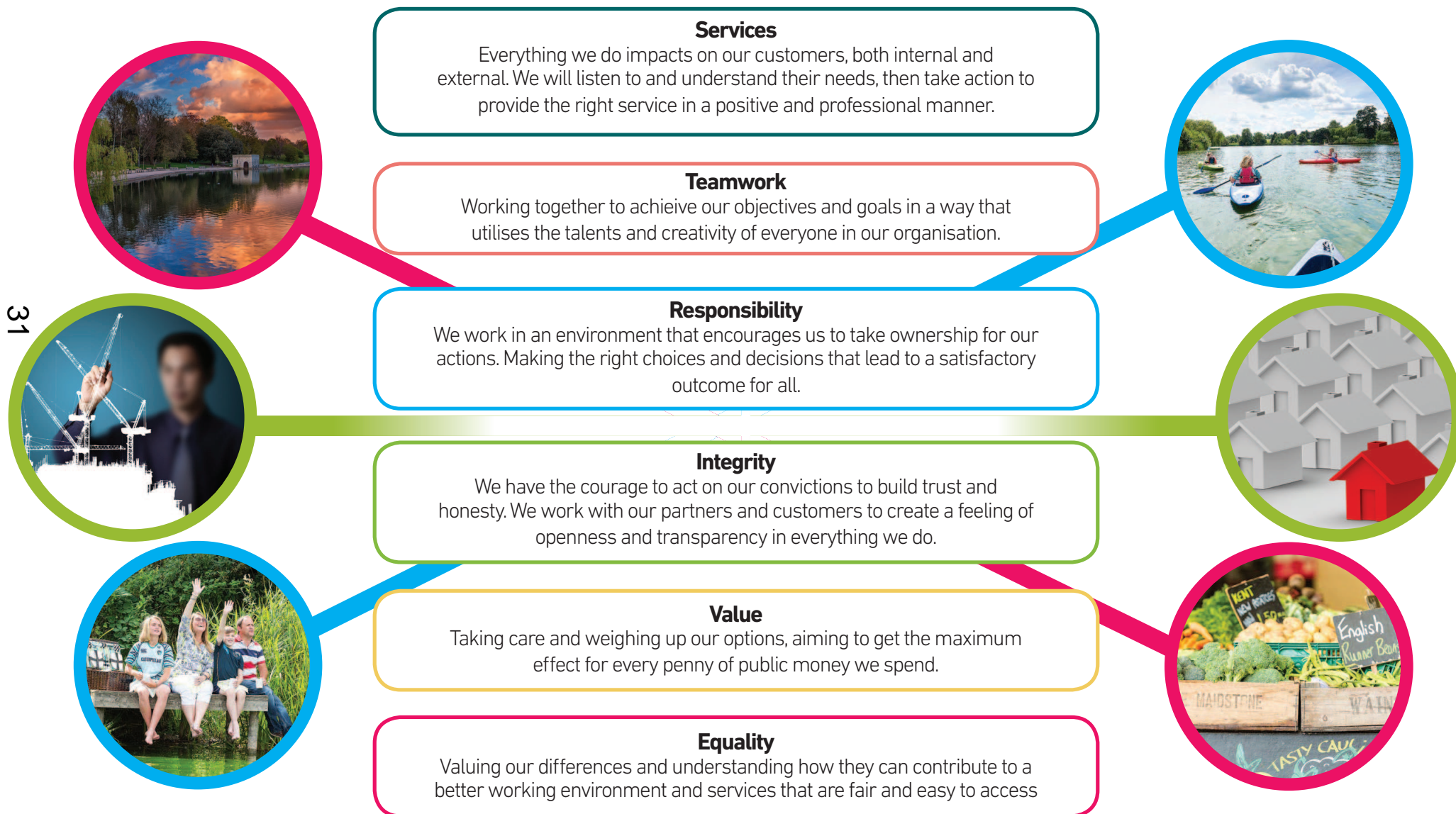
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# Maidstone Local Plan Flow Chart



# Our Values





## **MAIDSTONE BOROUGH COUNCIL**

### **REPORT OF POLICY & RESOURCES HELD ON 15<sup>th</sup> FEBRUARY 2017**

#### **MEDIUM TERM FINANCIAL STRATEGY 2017/18 ONWARDS**

##### **Issue for Decision**

To consider the proposed Revenue and Capital Estimates for 2017/18, including service savings and growth, in accordance with the agreed budget strategy and in the context of the Medium Term Financial Strategy and the Strategic Revenue Projection.

To calculate and approve the Council Tax requirement for 2017/18.

##### **Recommendations Made**

1. That the revised revenue estimates for 2016/17 be agreed as set out in Appendix A.
2. That the minimum level of General Fund Balances be set at £2m for 2017/18.
3. That the proposed Council Tax of £245.61 at Band D for 2017/18 be agreed.
4. That the revenue estimates for 2017/18 incorporating the growth and savings items be agreed.
5. That the Statement of Earmarked Reserves and General Fund Balances as set out in Appendix A be agreed.
6. That the Capital Programme, as set out in Appendix A be agreed.
7. That the funding of the Capital Programme as set out in Appendix A be agreed.
8. That the Medium Term Financial Strategy statements for revenue and capital as set out in Appendix A be agreed.
9. That the Strategic Revenue Projection, as set out in Appendix A as the basis for future financial planning be endorsed.
10. That it be noted that the Council's Council Tax base for the year 2017/18 has been calculated as 59,439.3 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) regulations 1992.

11. That it be noted that in accordance with Government guidance the yield from business rates has been calculated as £56,789,676.
12. That it be noted that the individual parish area tax bases set out in Appendix B are calculated in accordance with regulation 6 of the Regulations and are the amounts of the Council Tax Base for the year for dwellings in those parts of the Council's area to which a special item relates.
13. That the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts) is £14,598,886.
14. That the following amounts now be calculated by the Council for the year 2017/18 in accordance with Section 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
  - (a) £87,569,013 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) of the Act taking into account all precepts issued to it by Parish Councils.
  - (b) £71,304,720 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
  - (c) £16,264,293 being the amount by which the aggregate at 14(a) above exceeds the aggregate at 14(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 32(4) of the Act).
  - (d) £273.63 being the amount at 14(c) above (Item R), all divided by the figure stated at 10 above (Item T in the formula in section 33(1) of the Act), calculated by the Council, in accordance with Section 33 of the Act, as the basic amount of its Council Tax for the year (including parish precepts).
  - (e) £1,665,923 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix B).
  - (f) £245.61 being the amount at 14(d) above less the result given by dividing the amount at 14(e) above by the tax base given in 10 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to

which no Parish precept relates.

15. That it be noted that for the year 2017/18 Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Fire & Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<b><u>Valuation Bands</u></b>	<b><u>KCC PRECEPT</u></b> <b><u>£</u></b>	<b><u>KCC ADULT SOCIAL CARE</u></b> <b><u>£</u></b>	<b><u>KPCC</u></b> <b><u>£</u></b>	<b><u>KMFRA</u></b> <b><u>£</u></b>
A	756.24	29.64	104.77	48.90
B	882.28	34.58	122.23	57.05
C	1008.32	39.52	139.69	65.20
D	1134.36	44.46	157.15	73.35
E	1386.44	54.34	192.07	89.65
F	1638.52	64.22	226.99	105.95
G	1890.60	74.10	261.92	122.25
H	2268.72	88.92	314.30	146.70

16. That, having calculated the aggregate in each case of the amounts at 14 (d), and 15 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets out in Appendix C, the amounts of Council Tax for the year 2017/18 for each of the categories of dwellings shown.

### **Reasons for Recommendation**

This report sets out the final considerations of Policy & Resources Committee in relation to the revenue and capital estimates for 2017/18 and the medium term financial strategy through to 2021/22. The formal recommendations arising from the Committee's decision are set out for decision by Council in accordance with the Local Government Finance Act 1992 and the Localism Act 2011.

The medium term financial strategy has been developed by Policy & Resources Committee in collaboration with the other service committees and alongside the annual refresh of the Strategic Plan.

Detailed considerations of Policy & Resources Committee are set out below.

## **Background**

Policy and Resources Committee has considered the developing Medium Term Financial Strategy for 2017/18 onwards on a number of occasions during the course of the municipal year. In June 2016 a Strategic Revenue Projection and a Council Tax level was set for planning purposes and the process for developing a Medium Term Financial Strategy and Efficiency Plan was agreed.

In September 2016 the Committee considered a draft Medium Term Financial Strategy and Efficiency Plan for submission to Council. The MTFS / Efficiency Plan considered how the Council's corporate objectives and key priorities could be delivered within the constraints of the government's four year funding settlement to local authorities, together with assumptions about service pressures, the Council's capacity to generate income and the broader economic environment. A budget gap over the five year planning period was identified and an approach was proposed for closing the gap. The MTFS / Efficiency Plan was agreed by Council at its meeting on 21 September 2016.

Public consultation took place on service priorities and officers developed detailed budget proposals that contributed £3.4 million towards the £4.2 million budget gap. On 3rd January 2017 the Committee considered revenue budget proposals for services within its own remit and referred the remaining budget proposals to the relevant Service Committees. A second report was considered at the Committee's 18 January meeting specifically on the capital programme. The outcomes of the consideration of budget proposals are set out below.

In addition the Committee has considered three 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 or expenditure is significantly above or below budget. The implications for future financial planning are considered below.

## **Current Year 2017/18**

The second quarterly budget monitoring report, considered by the Policy & Resources Committee on 23<sup>rd</sup> November 2016, projected an overspend for the year of £445,000. A number of actions were identified that sought to reduce the overspend in the remaining months of the year.

The third quarterly budget monitoring report projects a reduced overspend of £288,000 for the year. This represents welcome progress, but there remains further work to be done over the remaining two months of the year to try and reduce the overspend still further. The most significant variances are as follows.



#### Temporary Accommodation - £357,000 adverse

This represents a reduction from the previous projection of a £500,000 adverse variance. The Council has agreed a new Temporary Accommodation Strategy, incorporating more in-house provision and a greater focus on quick turnaround. However, pressures will continue into 2017/18 and may be exacerbated by new legislation. Accordingly, the Strategic Revenue Projection provides an additional £235,000 budget for 2017/18 only.

#### Development Management - £213,000 adverse

The Planning Service made extensive use of agency staff in the first part of the year but it has now been able to bring monthly spend back in line with budget.

#### Mote Park Café - £197,000 adverse

A report on the café's performance will be considered by Heritage, Culture and Leisure Committee on 7<sup>th</sup> March 2017. This will consider a range of options for the future of the café, given that performance indicates that the current operating model is not sustainable. Given the current position, and in spite of urgent efforts being devoted to remedying it, it is unrealistic to expect the café to achieve its budgeted performance for the full 2017/18 financial year. Accordingly a contingency against failure to meet the budget is included in next year's estimates and is shown in Appendix A, Strategic Revenue Projection.

#### Pay and Display Parking - £320,000 favourable

Further income growth of £100,000 was already assumed for 2017/18 in the budget proposals. Given that the service is already over-achieving against this, it is not unreasonable to incorporate an additional £200,000 saving in the budget proposals. This is reflected in the budget proposals.

#### Debt Recovery Income

The current year's trading indicates that the Debt Recovery Service has established itself successfully. This has led to an upward revision of the net revenue projection for 2017/18 by £38,000 as compared with that shown in the original savings proposals.

### **Strategic Revenue Projection**

The Policy and Resources Committee originally considered a Strategic Revenue Projection at its meeting on 29 June 2016 and considered and agreed an update at its meeting on 3 January 2017. Set out below is the latest

information about the key elements of the updated projection. The Strategic Revenue Projection itself is included at Appendix A.

### **Local Government Finance Settlement 2017/18 – Revenue Support Grant and Business Rates Adjustment**

The provisional local government finance settlement was announced on 15 December 2016. This confirmed that figures for year 2 of the government's four year funding settlement for local authorities, ie 2017/18, would remain as previously announced. No change is therefore required to the Strategic Revenue Projection in this respect. Maidstone will receive no Revenue Support Grant (RSG) in 2017/18, as anticipated, and will be subject to a Business Rates adjustment, in effect negative RSG, of £1.589 million in 2019/20.

The main impact of the local government finance settlement for District Councils like Maidstone has been the reduction in New Homes Bonus. Previously, New Homes Bonus was paid for six years after a new home is built. From 2017/18 it will only be paid for five years, and from 2018/19 for four years. Additionally, the bonus will only be paid on housing growth in excess of 0.4% (growth in Maidstone has averaged around 1% in recent years). The impact on Maidstone's New Homes Bonus income, as compared with the projected amounts, will be a reduction of £750,000 in 2017/18 and an ongoing annual reduction of around £1.5 million. However, there is no direct impact on the revenue budget, as Maidstone has used New Homes Bonus to support capital expenditure rather than revenue expenditure. The effect will be that the Council will need to start borrowing to fund the capital programme sooner than would otherwise have been the case. This will be reflected in the Treasury Management Strategy, which will be considered by Council alongside the Budget at its Council Tax setting meeting on 1<sup>st</sup> March 2017.

### **Business Rates**

The business rates estimate for 2017/18 is based on the recently calculated NNDR1 return provided to the Department for Communities & Local Government on 31st January 2017. 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 15<sup>th</sup> December 2016.

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 requires an annual adjustment each year.
- d) A small amount of real growth in the rateable businesses premises in the borough.

The table below shows that the Council technically retains 40% of the income collected, but in practice there is a tariff payable to central government which reduces this percentage to 5.8%. The tariff is set as part of the finance settlement in each year and the Council must pay a tariff of £18,110,632 from its share in 2017/18. The balance is termed the 'business rates baseline' in the finance settlement. Any growth above this baseline is attributable to the Council.

<b>Authority and share</b>	<b>Provisional Settlement Figures £</b>	<b>Retained Income Forecast £</b>	<b>Growth against Baseline £</b>
Business Rates Collectable	52,887,200	58,012,124	5,124,924
Central Government – 50%	26,443,600	29,006,062	
Kent County Council – 9%	4,759,848	5,221,091	
Kent & Medway Fire & Rescue – 1%	528,872	580,121	
Maidstone Borough Council – 40%	21,154,880	23,204,850	
Government Tariff on Maidstone	-18,110,632	-18,110,632	
Business Rates Baseline	3,044,248	5,094,219	2,049,970

In normal circumstances the growth of £2,049,970 would be subject to a 50% levy which is payable to central government. 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 shares of the growth that are retained locally are set out in the table below:

<b>Description</b>	<b>Amount £</b>
Business Rates Growth	2,049,970
MBC Retains first 50%	-1,024,985
Levy paid to Government	-90,660
<b>Balance - shared within Pool as follows:</b>	<b>934,325</b>
Retained by Maidstone (30%)	280,298

Growth Fund contribution (30%)	280,298
Passed to Kent County Council (30%)	280,298
Held as provision against losses (10%)	93,433
	<b>934,325</b>

The Committee has previously agreed the principles governing use of the growth. It has been agreed that it should be utilised in two ways. The initial 50% share retained by the Council will be included as a contribution to the revenue budget and is accordingly shown as such in the Strategic Revenue Projection (£1,025,000).

The balance retained from the pool will 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.

Having considered options to utilise the resources to achieve the second purpose, Committee has agreed to use the funds to support actions required in the Economic Development Strategy.

### **Council Tax**

The Local Government Finance Settlement confirmed that, as last year, local authorities may increase Council Tax by £5.00 per annum or up to 2%, whichever is the greater, without having to consult voters in a referendum.

In Maidstone's case, the cash limit of £5 generates a higher increase than the percentage increase. Policy and Resources Committee agreed at its meeting on 29<sup>th</sup> June 2016 that a Council Tax increase of £5 should be assumed for planning purposes. Given the loss of Revenue Support Grant and the other spending pressures faced by the Council, it is reasonable that the Council should seek to maximise the potential revenue from Council Tax.

As last year, it is recommended that the Council Tax increase is based on the maximum cash increase. This is treated as being £4.95 rather than £5, as a figure that is divisible by 9 facilitates compliance with the legislation about the rates for different Council Tax bands. The additional income that a £4.95 increase generates for Maidstone Borough Council is £294,225 and this is included within the projected Council Tax income in the Strategic Revenue Projection. The £4.95 increase gives a Band D Council Tax of £245.61. An increase at this level will help to ensure that the Council is able to deliver on its priorities and maintain financial stability.

To aid the Committee's decision making the following details were considered:

- a) For each 1% increase in the charge for this Council's element of the council tax, the income generated in 2017/18 is approximately £143,000.
- b) At the current Band D council tax charge, a 1.99% increase in council tax would equate to an annual increase of £4.79. This is a monthly increase of 40 pence.
- c) A £4.95 increase in council tax charge equates to 41 pence per month and would be a 2.06% increase.
- d) Indications are that the major preceptors' increases, at the current Band D council tax charge, will be:
  - Kent County Council: 3.99%, an annual increase of £45.27 (including 2% adult social care precept);
  - Kent Police: £5.00 maximum annual increase allowable to low precept police forces (equal to a 3.3% increase); and
  - Kent & Medway Fire & Rescue Authority: 1.88%, an annual increase of £1.35.
- e) The total increase if all these precept increases are agreed is that the band D council tax charge would move from £1,598.36 for 2017/18 to £1,654.93, an increase of £56.57 or £4.71 per month.
- f) In rural areas tax payers may be required to pay a charge to cover a parish precept.
- g) Under the Council's currently agreed council tax reduction scheme, tax payers who are assessed as in need can receive a discount. This is dependent on circumstances and is provided through a scheme agreed by Council in December 2016.

A further increase of £4.95 is assumed in 2018/19 in the Strategic Revenue Projection. From 2019/20 a 2% figure is used as this gives a higher cash increase.

The following further adjustments need to be made to Council Tax income as follows:

- Collection Fund adjustment – as reported to the Committee on 18<sup>th</sup> January, there is projected to be a one-off surplus of £96,000 arising from Council Tax collection activity in 2017/18.
- Empty Property Discount – The Committee agreed at its meeting on 18<sup>th</sup> January to remove the Council Tax discount on Empty Properties, with certain exceptions, thus providing an additional £73,200 of income and £20,000 of staff savings.
- Council agreed at its meeting on 7<sup>th</sup> December to a new Council Tax Reduction Scheme, which is expected to generate an additional £60,000 of Council Tax income.

## **Parish Funding**

Parishes are in the process of setting their precepts for 2017/18. In 2017/18, these precepts generated £1.497 million in total, an average amount for Band D Council Tax payers in parished areas of £48.54. Details of the precepts for 2017/18 are included as Appendix B.

At its meeting on 16<sup>th</sup> December 2015 Policy and Resources Committee considered the amount and distribution of the Local Council Tax Support Grant that the Council had hitherto received as part of Revenue Support Grant. The Council had previously passported the relevant portion of the Local Council Tax Support Grant to parish councils. However, the Committee agreed, and it was subsequently confirmed by Council, that when the Council ceased receiving Revenue Support Grant in 2017/18 the grant to parishes would cease.

The Council continues to make a contribution to parishes for services that they provide and which are provided by the Council itself in non-parished areas. This contribution is made through the Parish Services Scheme, which is included in the budgets for the Communities, Housing and Environment Committee. The Parish Services Scheme will be reviewed in 2017/18 and the outcomes of this review will be reported to the Communities Housing and Environment Committee in the first instance.

## **Other Income**

A major contribution to the Council's budget is made by income generated from sources such as Car Parks, Planning Fees, Commercial and Garden Waste collection. At each service committee meeting in January 2017 the level of fees and charges made by each committee's service areas was considered and set for 2017/18.

A further increase in Fees and Charges in respect of the Legal Service was agreed by Policy and Resources Committee at its meeting on 15<sup>th</sup> February 2017.

The combined considerations of all fees and charges including the Legal Service amendment will increase the income budget by £371,490 and this has been incorporated into the budget.

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 2018/19 to 2021/22.

## **Spending Pressures**

Specific changes to expenditure budgets have been considered and are set out in the Strategic Revenue Projection attached at Appendix A. The principal changes to the Strategic Revenue Projection that was reported to the Policy and Resources Committee at its meeting on 3<sup>rd</sup> January 2017 are as follows.

## Homelessness Prevention

A new Homelessness Reduction Bill is currently going through the parliamentary process and may be implemented as early as October 2017, and by April 2018 at the latest. This places a number of new duties on local authorities in respect of preventing homelessness. Grant funding to carry out the extra duties will in principle be available under the 'new burdens' doctrine.

The Council already recognises the value of homelessness prevention, both in itself and for the financial benefits in terms of reducing the cost of providing temporary accommodation. We wish to develop our prevention service in advance of the legislation being implemented so that the Council is well placed to meet its statutory obligations. Accordingly, one-off funding of £94,000 in 2017/18 and £36,000 in 2018/19 (£130,000 in total) is proposed. Given the potential for grant funding in the future, this funding would only be made available for one year.

## Mote Park Café reprovision

The overspend against the Café's budget is reported above. Urgent action is being undertaken to address the problem, but it is nevertheless appropriate to build in a contingency against failure to meet the budget in next year's estimates.

## Local Plan review

In his interim findings, the Local Plan Inspector has identified a number of issues that will need to be addressed in a review, which would have a target adoption date of April 2021. In practice, this means that the review process will need to start much earlier. Based on the scale of one-off resource input needed to prepare the current draft Local Plan, it would be prudent to provide a contingency of £200,000 per annum for the period to 2020/21. As more detailed costings are prepared and scrutinised they will be included in the revenue budgets.

## **Savings Required**

As set out in the Strategic Revenue Projection, the Council will need to identify £4.2 million of net savings over the period of the medium term financial strategy. In 2017/18 the requirement is £1.8 million. This figure has increased as compared to the figure of £1.5 million reported to the Policy & Resources Committee on 3<sup>rd</sup> January 2017, owing to the spending pressures outlined in the previous section. However, the additional requirement can be met, thanks to further savings which are summarised at below.

Proposals intended to reduce the budget gap were presented to Policy and Resources Committee at its meeting on 3<sup>rd</sup> January 2017. All Service Committees have now considered the individual budget proposals for services within their remit. They were asked to demonstrate how their budget proposals responded to the priorities expressed in the budget consultation and specifically in relation to Sports and Recreation and Culture and Tourism. The Heritage, Culture and Leisure Committee was also asked to review the growth item of £100,000 relating to the Museum Service (£50,000 in 2017/18 and £50,000 in 2018/19) and the benefits that it would provide and whether that is justified. The outcomes of Service Committees' consideration of the budget proposals have been as follows.

### **Policy and Resources Committee (3rd January 2017)**

Budget proposals for services within the remit of the Committee were agreed.

### **Strategic Planning, Sustainability and Transportation Committee (10th January 2017)**

Members commented that a reduction in staffing levels could negatively affect the team's improved performance. The Local Plan was on track for adoption, but the Inspector had requested commitment to a full review and this may require further Officer time. Any savings should be sought through the application of system improvements and through maximising income generation, eg through Planning Performance Agreements, rather than reductions in staffing.

The proposed budget reduction of £45,000 within Planning Policy for 2017/18 was not supported, as the Committee believed that to make this cut would lead to a reduction in the service to a level of deterioration which would be unacceptable. It requested that alternative areas for savings be considered, but no specific suggestions for savings were proposed by the Committee.

### **Communities, Housing and Environment Committee (17th January 2017)**



Questions were asked about the Parish Services Scheme and about budget proposals relating to CCTV, Disabled Facilities Grants and Recycling Collection. The conclusion was that budget proposals for services within the remit of the Committee were agreed.

The Committee also considered a report on Service Level Agreements and Grant Budgets. This recommended that the Council's grants budget of £223,500 be reduced by 25% over the five year period from 2017/18, ie £55,000 in total, rather than 100% as set out in the initial budget proposals presented to Policy and Resources Committee, and that a number of uncommitted project budgets be removed.

Heritage, Culture and Leisure Committee (31st January 2017)

Budget proposals for services within the remit of the Committee were agreed. The growth of £100,000 in the Museum Service was considered. A motion to remove £50,000 of this growth was proposed but was not seconded. There were no changes proposed to any other budget items.

It can be seen that the Service Committees proposed only one substantive change to the budget proposals, being removal of the budget reduction of £45,000 in relation to Planning Policy.

The Strategic Planning, Sustainability and Transportation Committee's representation has been considered carefully. It is recommended that the proposed budget reduction be retained, for the following reasons.

- The total expenditure budget of the Planning Service is around £3.5 million. The proposed saving is around 1% of this budget, so it is hard to see that it would lead to an unacceptable deterioration in service levels.
- A review of the Planning Service is currently being undertaken which is likely to generate a range of recommendations for the future of the service. These will address the level of service provided and it would be inappropriate to prejudge the findings of the review.
- Additional resources of £200,000 per annum have been allocated to the Planning Service to allow it to carry out an update of the Local Plan in 2021, reflecting the Committee's comments. Whilst these resources do not directly substitute for the £45,000, they help to ensure that the core Planning service will not be impaired by having to support this major one-off piece of work.

Accordingly, the saving of £45,000 continues to be included in the budget.

The savings included in the budget total the required £1.8 million. The proposals therefore produce a balanced budget. The outcome is that this

report brings together all previous considerations into a balanced budget for recommendation to Council.

For future years, 2018/19 to 2021/22, savings of £1.6 million have been proposed. The Medium Term Financial Strategy requires additional savings and efficiencies in order to balance over the next five years. These savings remain to be achieved to ensure plans exist for the continued future financial resilience of the Council.

## **Revenue Estimates**

Attached at Appendix A is a summary of the revenue budget for 2017/18. The summary shows the Original Estimate 2017/18 as approved by Council in March 2016; the Revised Estimate 2017/18 calculated as part of the budget development work completed this year; and the Estimate for 2017/18 based upon the details set out in this report. The Estimate for 2017/18 is analysed between gross expenditure, income and net expenditure, so that Members may see clearly how income generated by the Council contributes towards expenditure budgets.

Appendix A presents the Council with the budget structured in line with the relevant Service Committees and separately structured in line with the strategic priorities set out in the Strategic Plan.

The Revised Estimate 2017/18 shown in Appendix C totals £19,428,410. This figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement.

The Estimate for 2017/18 shown in Appendix C totals £18,896,890. This incorporates the savings and other adjustments discussed above. The figure is net of all income with the exception of the use of balances, business rates income and the finance settlement and the council tax requirement. This figure excludes the value of all precepts.

## **Capital Estimates**

A draft Capital Programme was reported to Policy and Resources Committee at its meeting on 18<sup>th</sup> January. The programme covers the same period as the strategic revenue projection, ie 2017/18 to 2021/22. A small number of minor modifications have been made to the programme and a proposed Capital Programme for consideration by Council is set out in Appendix A.

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.

For the financial year 2017/18 the Council will receive a New Homes Bonus grant of £4,001,418. This is around £750,000 less than originally projected and will lead to a greater reliance on borrowing to fund the Capital Programme than would otherwise have been the case.

Other resources available to the council for capital expenditure are:

- 1) Capital Grants and Contributions, eg Disabled Facilities Grant
- 2) Developer Contributions (S 106) and Community Infrastructure Levy
- 3) Prudential Borrowing
- 4) Internal Borrowing, ie use of the Council's own cash balances.

The programme was considered by the Policy & Resources Committee at its meeting on 18th January 2017 and has only received minor modification. The focus of the Programme is largely on Housing and Regeneration, reflecting the updated Commercialisation Strategy agreed by the Committee at its meeting on 23rd November 2016. By building up our existing asset base, the Council can secure a long term, stable revenue stream that will support core services in the medium to long term. A focus on housing in particular will allow the Council to address the shortage of good quality homes for market rent in Maidstone, whilst generating an attractive financial return. By building new homes (rather than acquiring second hand stock) the Council can also help to regenerate the borough and make an active contribution to the delivery of the emerging Local Plan.

### **Balances / Earmarked Reserves**

Attached at Appendix A is a statement of general fund balances and details of the earmarked reserves.

The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years.

The estimated level of resources available from business rates growth is identified. 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.

General fund balances are estimated to be £3,624,000 by 31 March 2018. In considering the level of reserves that should be maintained Policy and Resources Committee made 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 million to £19 million. 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 and 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 / Efficiency Plan**

Attached as Appendix A is the updated Medium Term Financial Strategy / Efficiency Plan. The Strategy covers the five year period of the Council's planning cycle.

The financial projection that complements the 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 Medium Term Financial Strategy and incorporates a number of assumptions about inflation and changes in local and national initiatives.

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

The final version of the Medium Term Financial Strategy will be published as part of the budget documents on the Council's website following the Council meeting.

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

### **Consultation with the Public**

Consultation on the budget in Autumn 2016 took the form of a short survey. Residents were asked to prioritise ten areas of spending and then to consider whether the spending for those ten areas should remain the same, be reduced or cut altogether. The survey could be accessed both as a paper document or on-line via the Council's website. It was promoted through face to face budget roadshows at a wide range of venues around the borough, in the Kent Messenger and in a range of other media. In total, 2,008 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. The results of the survey have been reported to each Service Committee and have informed their consideration of the budget proposals.

### **Consultation with Service Committees**

The Service Committees have been involved in the development of the Medium Term Financial Strategy and have specifically considered budget proposals at their meetings in January 2017. The outcomes of this consultation are reported above.

### **Consultation with Audit, Governance and Standards Committee**

The Audit, Governance and Standards Committee is responsible as part of its remit for the consideration of risk. Accordingly, it considered a risk analysis for the Budget Strategy at its meeting on 16th January 2017.

MAIDSTONE BOROUGH COUNCIL

COUNCIL TAX 2017/2018

Schedule of Council Tax Base and Additional Basic Amounts of

Council Tax in parts of the area with Parish Precepts

PARISH	TAX BASE	PRECEPT £	BAND 'D' TAX £
Barming	731.8	26,995	36.89
Bearsted	3,609.4	117,342	32.51
Boughton Malherbe	219.5	5,268	24.00
Boughton Monchelsea	1,357.0	60,237	44.39
Boxley	3,867.4	107,437	27.78
Bredhurst	174.1	10,000	57.44
Broomfield & Kingswood	711.3	55,500	78.03
Chart Sutton	411.4	21,000	51.05
Collier Street	362.6	13,385	36.91
Coxheath	1,547.3	68,500	44.27
Detling	383.2	22,922	59.82
Downswood	836.3	27,000	32.29
East Sutton	144.8	6,434	44.43
Farleigh East	666.1	47,598	71.46
Farleigh West	222.4	21,000	94.42
Harrietsham	1,077.9	93,945	87.16
Headcorn	1,504.3	144,484	96.05
Hollingbourne	444.6	22,600	50.83
Hunton	315.7	25,000	79.19
Langley	496.2	20,014	40.33
Leeds	334.0	30,898	92.51
Lenham	1,402.8	101,000	72.00
Linton	248.2	12,271	49.44
Loose	1,096.4	68,712	62.67
Marden	1,627.2	116,100	71.35
Nettlestead	308.3	16,434	53.30
Otham	284.1	10,466	36.84
Staplehurst	2,358.2	139,400	59.11
Stockbury	318.4	14,020	44.03
Sutton Valence	658.6	46,807	71.07
Teston	314.7	23,250	73.88
Thurnham	560.5	17,366	30.98
Tovil	1,346.7	71,052	52.76
Ulcombe	381.9	19,875	52.04
Yalding	972.3	61,612	63.37
		<b>1,665,923</b>	

# APPENDIX C

## MAIDSTONE BOROUGH COUNCIL COUNCIL TAX 2017/2018

Schedule of Council Tax Levels for all Bands  
and all Parts of the Area including District Spending and all Precepts.

		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£
Barming		1,127.88	1,315.86	1,503.84	1,691.82	2,067.78	2,443.74	2,819.70	3,383.64
Bearsted		1,124.96	1,312.46	1,499.95	1,687.44	2,062.42	2,437.41	2,812.40	3,374.88
Boughton Malherbe		1,119.29	1,305.84	1,492.38	1,678.93	2,052.02	2,425.12	2,798.22	3,357.86
Boughton Monchelsea		1,132.88	1,321.70	1,510.51	1,699.32	2,076.94	2,454.57	2,832.20	3,398.64
Boxley		1,121.81	1,308.78	1,495.74	1,682.71	2,056.64	2,430.58	2,804.52	3,365.42
Bredhurst		1,141.58	1,331.85	1,522.11	1,712.37	2,092.89	2,473.42	2,853.95	3,424.74
Broomfield & Kingswood		1,155.31	1,347.86	1,540.41	1,732.96	2,118.06	2,503.16	2,888.27	3,465.92
Chart Sutton		1,137.32	1,326.88	1,516.43	1,705.98	2,085.08	2,464.19	2,843.30	3,411.96
Collier Street		1,127.90	1,315.88	1,503.86	1,691.84	2,067.80	2,443.76	2,819.74	3,383.68
Coxheath		1,132.80	1,321.60	1,510.40	1,699.20	2,076.80	2,454.40	2,832.00	3,398.40
Detling		1,143.17	1,333.70	1,524.22	1,714.75	2,095.80	2,476.86	2,857.92	3,429.50
Downswood		1,124.82	1,312.28	1,499.75	1,687.22	2,062.16	2,437.09	2,812.04	3,374.44
East Sutton		1,132.91	1,321.73	1,510.54	1,699.36	2,076.99	2,454.63	2,832.27	3,398.72
Farleigh East		1,150.93	1,342.75	1,534.57	1,726.39	2,110.03	2,493.67	2,877.32	3,452.78
Farleigh West		1,166.24	1,360.61	1,554.98	1,749.35	2,138.09	2,526.83	2,915.59	3,498.70
Harrietsham		1,161.40	1,354.96	1,548.53	1,742.09	2,129.22	2,516.35	2,903.49	3,484.18
Headcorn		1,167.32	1,361.88	1,556.43	1,750.98	2,140.08	2,529.19	2,918.30	3,501.96
Hollingbourne		1,137.18	1,326.70	1,516.23	1,705.76	2,084.82	2,463.87	2,842.94	3,411.52
Hunton		1,156.08	1,348.76	1,541.44	1,734.12	2,119.48	2,504.84	2,890.20	3,468.24
Langley		1,130.18	1,318.54	1,506.90	1,695.26	2,071.98	2,448.70	2,825.44	3,390.52
Leeds		1,164.96	1,359.12	1,553.28	1,747.44	2,135.76	2,524.08	2,912.40	3,494.88
Lenham		1,151.29	1,343.17	1,535.05	1,726.93	2,110.69	2,494.45	2,878.22	3,453.86
Linton		1,136.25	1,325.62	1,515.00	1,704.37	2,083.12	2,461.86	2,840.62	3,408.74
Loose		1,145.07	1,335.91	1,526.76	1,717.60	2,099.29	2,480.97	2,862.67	3,435.20
Marden		1,150.86	1,342.66	1,534.47	1,726.28	2,109.90	2,493.51	2,877.14	3,452.56
Nettlestead		1,138.82	1,328.63	1,518.43	1,708.23	2,087.83	2,467.44	2,847.05	3,416.46
Otham		1,127.85	1,315.82	1,503.80	1,691.77	2,067.72	2,443.66	2,819.62	3,383.54
Staplehurst		1,142.70	1,333.14	1,523.59	1,714.04	2,094.94	2,475.83	2,856.74	3,428.08
Stockbury		1,132.64	1,321.42	1,510.19	1,698.96	2,076.50	2,454.05	2,831.60	3,397.92
Sutton Valence		1,150.67	1,342.45	1,534.22	1,726.00	2,109.55	2,493.11	2,876.67	3,452.00
Teston		1,152.54	1,344.63	1,536.72	1,728.81	2,112.99	2,497.17	2,881.35	3,457.62
Thurnham		1,123.94	1,311.27	1,498.59	1,685.91	2,060.55	2,435.20	2,809.85	3,371.82
Tovil		1,138.46	1,328.21	1,517.95	1,707.69	2,087.17	2,466.66	2,846.15	3,415.38
Ulcombe		1,137.98	1,327.65	1,517.31	1,706.97	2,086.29	2,465.62	2,844.95	3,413.94
Yalding		1,145.54	1,336.46	1,527.38	1,718.30	2,100.14	2,481.98	2,863.84	3,436.60
Basic Level of Tax		1,103.29	1,287.17	1,471.05	1,654.93	2,022.69	2,390.45	2,758.22	3,309.86

# Agenda Item 16

## **MAIDSTONE BOROUGH COUNCIL**

### **COUNCIL**

**1 MARCH 2017**

## **REPORT OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE HELD ON 16 JANUARY 2017**

### **TREASURY MANAGEMENT STRATEGY 2017/18**

#### **Issue for Decision**

In accordance with CIPFA's Code of Practice on Treasury Management, the Council is asked to adopt the Treasury Management Strategy for 2017/18 and the Treasury Management and Prudential Indicators.

#### **Recommendation Made**

That the Treasury Management Strategy 2017/18 and the Treasury Management and Prudential Indicators, attached as Appendices A and B to this report, be adopted.

#### **Reasons for Recommendation**

The Council has adopted CIPFA's Code on Treasury Management which requires an annual report on the strategy and plan to be pursued within the coming year to be made to full Council.

The Council is required to operate a balanced budget which broadly means that cash raised during the year will meet cash expenditure. The Treasury Management Strategy assists the Council in achieving this objective while maintaining value for money.

The first function of the Council's Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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



CIPFA defines Treasury Management as:

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

There have not been any significant revisions to the Strategy for 2017/18 from the 2016/17 Strategy, which was reviewed by the Audit, Governance and Standards Committee and agreed by Council in March 2016 then monitored by the Audit, Governance and Standards Committee mid-year. However, the following changes should be noted:

- The maximum principal sums to be invested for a period exceeding 364 days has been reduced to £5m from £8m. This is consistent with the borrowing strategy to utilise cash balances rather than loan debt to finance the capital programme in the short term, due to low investment returns and high counterparty risk in the current economic climate.
- The Council will endeavour to further diversify its portfolio, as far as is operationally feasible, ensuring that a combination of secured and unsecured investments are considered.
- Changes to the capital financing requirement are proposed in light of updated capital plans. The proposed limit on prudential borrowing has been revised accordingly, as set out in the table below.
- The expected level of interest income to be generated through investment returns has been revised downwards in light of the current economic outlook and interest rate forecasts.

The Strategy statement is set out as **Appendix A** to this report. It is consistent with the requirements of CIPFA and the Department for Communities and Local Government. It has been developed in line with currently approved spending and financing proposals.

The Policy and Resources Committee, at its meeting held on 18 January 2017, considered a capital programme for the period 2017/18 to 2021/22. This programme proposed a significant increase in prudential borrowing to support the housing development and regeneration objectives of the Council.

The following table shows the maximum and expected prudential borrowing required to fund the proposed capital programme. The maximum borrowing limit excludes any internal borrowing:

	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>
Capital Programme	13,045,870	16,432,000	14,695,000
Other Funding Streams (incl. New Homes Bonus)	(12,016,000)	(3,859,000)	(3,735,000)
Maximum Prudential Borrowing	1,029,870	12,573,000	10,960,000
Estimated Internal Borrowing	(1,029,870)	(3,570,130)	0
Expected Borrowing	0	9,002,870	10,960,000

The prudential indicators for the proposed Strategy are set out within **Appendix B** to this report.

The Audit, Governance and Standards Committee endorsed the Treasury Management Strategy 2017/18 and the Treasury Management and Prudential Indicators subject to (a) any potential amendments arising from the Policy and Resources Committee's consideration of the capital programme for 2017/18 and (b) the amendment of the table for Maturity Structure of Borrowing (as proposed by Arlingclose, the Council's Treasury Management Advisers), to reflect the availability of cheaper borrowing in the shorter term. No changes are required as a result of the Policy and Resources Committee's consideration of the capital programme for 2017/18.

### **Alternatives Considered and Why Not Recommended**

**Option 1:** The Audit, Governance and Standards Committee could have decided not to recommend the Strategy to Council. However, the Council must adopt a Strategy for 2017/18. The Strategy is in line with the necessary codes and practice guides and takes a low risk approach favouring liquidity over return and as such is considered suitable for this Council. The Strategy has been produced in line with current guidance from CIPFA and the Department for Communities and Local Government and has been reviewed by the Council's Treasury Management Advisors and their recommended amendments have been taken into account.

**Option 2:** Subject to any legal obligations placed upon the Council, the Audit, Governance and Standards Committee could have amended the Strategy prior to submission to Council giving detailed reasons for the amendment and the risks and benefits that the proposed amendment provided in order for the Council to make a fully informed decision on the recommendation. Areas where amendments could be made include the following, which are detailed along with current reasons for not changing the Strategy.

Limits: The proposed Strategy allows maximum investments with certain institutions of £8m. The current limit could be retained, increased or reduced. Given the difficulty in identifying opportunities to lend at suitable rates within the counterparty list, it is considered appropriate to incorporate sufficient

flexibility by retaining the current limit for investments with the most secure organisations.

Counterparties: The proposed Strategy allows non-specified investments with other local authorities and the rated/unrated building societies that are within Arlingclose's suggested counterparty list. The Strategy could propose to utilise additional counterparties from the non-specified investments group. However, due to the fact that this would involve an increased level of risk to the security of the Council's cash, this is not considered to represent a prudent course of action.

Alternative use of cash: The resources invested in expenditure could be utilised to deliver key priority outcomes. However the core cash held by the Council is either set aside for future expenditure, such as the capital programme, or held as a form of risk mitigation, such as the minimum level of revenue balances. To utilise these resources for alternative projects could compromise liquidity and put the Council at future risk should an unforeseen event occur.

External Fund Managers: By appointing external managers local authorities may possibly benefit from security of investments, diversification of investment instruments, liquidity management and the potential of enhanced returns. Managers do operate within the parameters set by local authorities but this involves varying degrees of risk. This option has been discounted on the basis of the risk which would make it difficult to ascertain a suitable sum to assign to an external manager.

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## **Appendices**

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

- Appendix A: Treasury Management Strategy Statement
- Appendix B: Prudential and Treasury Management Indicators

## **Background Papers**

None

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

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Maidstone Borough Council  
2017/18

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## 1 INTRODUCTION

### 1.1 Background

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

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

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

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

### 1.2 Reporting requirements

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

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

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

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

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

In accordance guidance issued by CLG, the circumstances which may require the council to revise its strategy would include, for example, a large unexpected change in interest rates, or in the council's capital programme or in the level of its investment balance.

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

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

### **1.3 Treasury Management Strategy for 2017/18**

The strategy for 2017/18 covers two main areas:

#### **Capital issues**

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

#### **Treasury management issues**

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

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

### **1.4 Treasury management consultants**

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

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

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

### **1.5 Training**

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

January 2017. This will be delivered by Arlingclose and will be open for all members to attend.

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

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

## **2 THE CAPITAL PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION**

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

### **2.1 Capital expenditure**

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

2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
15,900	13,046	16,432	14,695	11,215

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

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

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

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

CFR projections are shown in the table below:

2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
(10,223)	(2,993)	9,580	20,540	30,653



## 2.3 Affordability prudential indicators

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

### Ratio of financing costs to net revenue stream

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

2016/17	2017/18	2018/19	2019/20	2020/21
%	%	%	%	%
(1.1)	(1.5)	(0.1)	1.2	2.6

2016/17	2017/18	2018/19	2019/20	2020/21
£000	£000	£000	£000	£000
(220)	(281)	(25)	228	491

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

## 2.4 Incremental impact of capital investment decisions on council tax

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

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

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
<b>Council tax - band D</b>	(0.22)	(0.68)	0.33	1.64	1.54

## 2.5 Minimum Revenue Provision

Where spend is financed through the creation of debt, the Council is required to pay off an element of the accumulated capital spend each year. The total debt is identified as the capital financing reserve and ensures that the Council includes external and internal borrowing along with other forms of financing considered to be equivalent to borrowing.

The payment is made through a revenue charge (the minimum revenue provision - MRP) made against the Council's expenditure.

Although the Council has maintained a capital financing reserve based upon the prudential borrowing limit previously set, the MRP was based upon the actual payments made under the Serco Paisa arrangements for the capital works completed by Serco at Maidstone Leisure Centre. Debt repayment is made by annual installments over the 15 year life of the contract and it is therefore considered appropriate to base MRP payments on this value and no additional voluntary provision is deemed necessary.

With the real potential for the use of prudential borrowing it is felt appropriate that a policy statement is approved by Council in line with the requirements of the Code. The Code states that there is a choice between two options, or a combination of methods based on the nature of different arrangements:

Asset life method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);

Depreciation method – MRP will follow standard depreciation accounting procedures.

Due to the requirement to split assets into component parts and depreciate different components at different rates, the asset life method of calculating MRP would provide a more stable and transparent method for the Council to use.

### 3 BORROWING

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

#### 3.1 Treasury Indicators: limits to borrowing activity

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

<b>Operational boundary</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
Debt	0	1,030	13,603	24,563
Other long term liabilities	4,514	4,033	3,526	3,005
Total	4,514	5,063	17,129	27,568

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

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

<b>Authorised limit</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
Debt	4,000	5,030	17,603	28,563
Other long term liabilities	4,514	4,033	3,526	3,005
Total	8,514	9,063	21,129	31,568

### 3.2 Prospects for interest rates

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
<b>Arlingclose Central Case</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
<b>3-month LIBID rate</b>														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
<b>Arlingclose Central Case</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.29</b>
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
<b>1-yr LIBID rate</b>														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
<b>Arlingclose Central Case</b>	<b>0.60</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.60</b>	<b>0.70</b>	<b>0.85</b>	<b>0.90</b>	<b>0.90</b>	<b>0.90</b>	<b>0.65</b>
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
<b>5-yr gilt yield</b>														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.40</b>	<b>0.35</b>	<b>0.35</b>	<b>0.35</b>	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>	<b>0.45</b>	<b>0.50</b>	<b>0.55</b>	<b>0.60</b>	<b>0.65</b>	<b>0.45</b>
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
<b>10-yr gilt yield</b>														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>1.15</b>	<b>0.95</b>	<b>0.85</b>	<b>0.85</b>	<b>0.85</b>	<b>0.85</b>	<b>0.85</b>	<b>0.90</b>	<b>0.95</b>	<b>1.00</b>	<b>1.05</b>	<b>1.10</b>	<b>1.15</b>	<b>0.96</b>
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
<b>20-yr gilt yield</b>														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>1.70</b>	<b>1.50</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.45</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.65</b>	<b>1.70</b>	<b>1.75</b>
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
<b>50-yr gilt yield</b>														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>1.60</b>	<b>1.40</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.35</b>	<b>1.40</b>	<b>1.45</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.41</b>
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57

#### Forecast:

- § The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- § Arlingclose forecasts that the UK Bank Rate will remain at 0.25% for the foreseeable future, although there is a small possibility that this could reduce to zero and a very small chance of a reduction below zero. Risks remain weighted to the downside.

- § Gilt yields have risen, but remain at low levels. The current forecast from Arlingclose anticipates a decline in yields when the government triggers Article 50.

### 3.3 Borrowing strategy

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

The Authorised Limit to borrow up to £24.887m for the financing of capital expenditure and day to day cash flow liquidity within 2017/18 is included in the current capital programme and the current prudential indicators. The 2017/18 strategy includes the continuation of that authority within the calculation of the indicators. If the Council is to borrow then the affordability of the capital programme must include an assessment of the cost of borrowing along with the loss of investment income from the use of capital resources held in cash.

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

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

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

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

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

### **3.4 Policy on borrowing in advance of need**

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

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

## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment policy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £18 and £40 million.

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

**Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the council aims to further diversify into more secure and/or higher yielding asset classes during 2017/18. This is especially the case for the proposed £5m that is estimated to be available for longer-term investment. The majority of council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit, money market funds and cash enhanced funds. This diversification will represent a continuation of the new strategy adopted in 2016/17.

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

#### Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3m 5 years	£5m 20 years	£5m 50 years	£3m 20 years	£3m 20 years
AA+	£3m 5 years	£5m 10 years	£5m 25 years	£3m 10 years	£3m 10 years
AA	£3m 4 years	£5m 5 years	£5m 15 years	£3m 5 years	£3m 10 years
AA-	£3m 13 months	£5m 4 years	£5m 10 years	£3m 4 years	£3m 10 years
A+	£3m 13 months	£5m 3 years	£3m 5 years	£3m 3 years	£3m 5 years
A	£3m 13 months	£5m 2 years	£5m 5 years	£3m 2 years	£3m 5 years
A-	£3m 6 months	£5m 13 months	£5m 5 years	£3m 13 months	£3m 5 years

BBB+	£2m 35 days	£3m 6 months	£2m 2 years	£2m 6 months	£3m 2 years
None	£1m 100 days	n/a	£5m 25 years	£50,000 5 years	£3m 5 years
Pooled funds	£8m per fund				

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

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

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

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

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

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

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly



regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

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

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

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

**Specified Investments:** The CLG Guidance defines specified investments as those:

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

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

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

#### Non-Specified Investment Limits

	<b>Cash limit</b>
Total long-term investments	£5m
Total investments without credit ratings or rated below A-	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£5m
Total non-specified investments	£15m

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

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

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

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

Other Information on the Security of Investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

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

a reduction in the level of investment income earned, but will protect the principal sum invested.

**Investment Limits:** In order that available reserves will not be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £8 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

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

**Liquidity Management:** The council uses a cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the council's medium term financial plan and cash flow forecast.

### **Accounting treatment of investments.**

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

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

## 4.2 Investment strategy

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

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

<b>Maximum principal sums invested &gt; 364 days</b>			
	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
Principal sums invested > 364 days	5,000	5,000	5,000

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

	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
Upper limit on fixed interest rate exposure	(38,970)	(26,397)	(15,437)
Upper limit on variable interest rate exposure	(32,000)	(32,000)	(32,000)

The upper limit on fixed interest rates incorporates maximum borrowing of £1.030m within the strategy which reduced the negative investment limit within 2017/18. The upper limit on variable interest rate exposure is calculated as being 80% of the projected highest level of investments during 2017/18.

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

	<b>Upper</b>	<b>Lower</b>
Under 12 months	100%	0%
12 months and within 24 months	100%	20%
24 months and within 5 years	100%	20%
5 years and within 10 years	100%	20%
10 years and above	100%	100%

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

### **4.3 End of year investment report**

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

### **4.5 Other Items**

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

The council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

## PRUDENTIAL INDICATORS

### Ratio of Financing Costs to Net Revenue Stream

2016/17 %	2017/18 %	2018/19 %	2019/20 %	2020/21 %
-1.1	-1.5	-0.1	1.2	2.6
2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
-220	-281	-25	228	491

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

### Incremental Impact of Capital Investment Decisions on the Council Tax

	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
i) Forecast of total budgetary requirement no changes to capital programme	17,633	19,700	13,641	2,314	1,815
ii) Forecast of total budgetary requirement after changes to capital programme	15,900	13,046	16,432	14,695	11,215
iii) Additional Council Tax Required	-0.22	-0.68	0.33	1.64	1.54

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

### Current Financial Plan

2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
15,900	13,046	16,432	14,695	11,215

This prudential indicator is a summary of the Council's proposed capital expenditure plans.

### Capital Financing Requirement

2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
-10,223	-2,993	9,580	20,540	30,653

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

## TREASURY MANAGEMENT INDICATORS

### Authorised Limit for External Debt

	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
Borrowing	4,000	5,030	17,603	28,563	39,778
Other Long Term Liabilities	4,514	4,033	3,526	3,005	2,483
Total	8,514	9,063	21,129	31,568	42,261

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

### Operational Boundary

	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
Borrowing	0	1,030	13,603	24,563	35,778
Other Long Term Liabilities	4,514	4,033	3,526	3,005	2,483
Total	4,514	5,063	17,129	27,568	38,261

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

### Upper Limit for Fixed Interest Rate Exposure

2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
-40,000	-38,970	-26,397	-15,437	-4,222

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

### Upper Limit for Variable Interest Rate Exposure

2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
-32,000	-32,000	-32,000	-32,000	-32,000

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

### Maturity Structure of New Fixed Rate Borrowing taken during 2017/18

	Upper Limit %	Lower Limit %
Under 12 months	0	0
12 months to under 24 months	100	20
24 months to under 5 years	100	20
5 years to under 10 years	100	20
10 years and within 20 years	100	20
20 years and within 30 years	100	20
30 years and within 40 years	100	20
40 years and within 50 years	100	20
50 years and within 60 years	100	80
70 years and within 80 years	100	100

This indicator is set to control the Authority's exposure to refinancing risk. Assumption of 50 year borrowing will be used

### Principal Invested for more than 364 Days

2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
8,000	5,000	5,000	5,000	5,000

The maximum set aside for long term investment has reduced from £8m to £5m due to funds used for internal borrowing to fund capital programme

# Agenda Item 17

## **MAIDSTONE BOROUGH COUNCIL**

### **COUNCIL**

**1 MARCH 2017**

#### **REPORT OF THE LICENSING COMMITTEE HELD ON 26 JANUARY 2017**

##### **Gambling Act 2005 Statement of Licensing Principles 2016-2019**

###### **Issue for Decision**

All Licensing Authorities are required under Section 349 of the Gambling Act 2005 to prepare and publish a statement of licensing principles that they propose to apply in exercising their functions under the Act during the three year period to which the Statement of Gambling Principles applies.

The current statement of principles took effect in January 2016 after a 'light touch' review, as the publication of the 5th edition of Gambling Commission Guidance was published too late to be included in the draft. Following the issuing of the Gambling Commission Guidance a detailed review of the Statement of Gambling Principles has been undertaken. This was considered by the Licensing Committee on 29 September 2016 where it was decided that a 12 week consultation would be undertaken, and on 26 January 2017 for consideration of responses received from the consultation. It was noted that no responses were received.

###### **Recommendation Made**

That the Council adopt the Draft Gambling Act 2005 Statement of Licensing Principles 2016-2019.

###### **Reason for Recommendation**

It is a statutory requirement for the Council to have a current statement of licensing principles in place covering the principles for its functions under the Act, and to review it from time to time and if necessary revise and publish the revision. A comprehensive updated Statement of Gambling Principles will improve the consistency in delivering the service and will better inform applicants of the licensing process in an open and transparent way, enabling the Authority to continue to have a 'fit for purpose' Statement of Gambling Principles in place.

###### **Alternatives Considered and Why Not Recommended**

It is a legislative requirement that the policy be reviewed at least every three years, and that a public consultation is carried out. Failure to review and adopt the Statement of Gambling Principles would result in the Council failing to comply with legislation and leave the Council open to legal challenge over the legitimacy of any decisions made.



## **Appendices**

The following document is to published with this report and forms part of the report:

Appendix A – Draft MBC Gambling Act 2005 Statement of Licensing Principles 2016/19

## **Background Papers**

None

**Report of the Licensing Committee held on 26 January 2017**  
**Gambling Act 2005 Statement of Licensing Principles 2016-2019**

Appendix A – Draft MBC Gambling Act 2005 Statement of Licensing Principles

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# **Maidstone Borough Council**

## **'Gambling Act 2005 Statement of Licensing Principles' 2016 -2019**

September 2016

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## 1. The Licensing Objectives

The Gambling Act 2005 ('The Act') requires that in exercising most of its functions under the Act, licensing authorities must have regard to the licensing objectives as set out in section 1 of the Gambling Act 2005. The licensing objectives are:

- **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;**
- **Ensuring that gambling is conducted in a fair and open way;**
- **Protecting children and other vulnerable persons from being harmed or exploited by gambling.**

It should be noted that the Gambling Commission (the Commission) has stated "The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling".

Maidstone Borough Council as "The Licensing Authority" for the Maidstone Borough will aim to permit the use of premises for gambling as set out in section 153 of the Gambling Act 2005.

### **Principles to be applied - Section 153**

In exercising its functions under this part, the Licensing Authority shall aim to permit the use of premises for gambling in so far as the authority think it meets one or all of the following: –

- a) the Gambling Commission's code of practice;
- b) the Guidance to local authorities;
- c) the Licensing Authority's own statement of principles;
- d) the three licensing objectives.

In determining whether to grant a Premises Licence a Licensing Authority must not have regard to the expected demand for gambling premises that are the subject of the application.

Any objection to an application for a Premises Licence or request for a review of an existing licence should be based on the Licensing Objectives of the Gambling Act 2005. It should be noted that, unlike the Licensing Act 2003, the Gambling Act 2005 does not include as a specific Licensing Objective for the prevention of public nuisance. The licensing authority take the view that certain issues, incidents or events that might typically be classed as nuisance, public nuisance or antisocial behaviour might also be considered to be issues, incidents or events of disorder. The licensing authority will apply the ordinary meaning of disorder and consider each case on its own merits. The licensing authority will in all cases consider whether other relevant legislation would be more appropriate in the circumstances of any given application.

## 2. Introduction

The Maidstone Borough Council Area

### MAIDSTONE BOROUGH COUNCIL = PARISHES



Maidstone Borough Council is a member of the Licensing Partnership, which includes Tunbridge Wells Borough Council and Sevenoaks District Council. However this policy relates to Maidstone.

Licensing authorities are required by the Gambling Act 2005 to publish a Gambling Policy Statement, setting out the principles that they propose to apply when exercising these functions. This Statement may be reviewed from time to time but must be republished at least every three years. This policy was approved by Full Council on XXXX to come into force XXX 2017.

In determining its policy the Licensing Authority shall have regard to Commission's Guidance and give appropriate weight to the views of those who respond to its consultation.

This draft policy has been prepared in accordance with the Gambling Commission's 5th Edition Guidance to Licensing Authorities (September, 2015).

The Commission has introduced the following amendments to the Guidance which:

- reflect regulatory and legislative changes since the 2012 version;
- reflect recent changes to the social responsibility provisions within the Commission's Licence Conditions and Codes of Practice;
- promote local partnership working between licensing authorities, the Commission and the industry to work in partnership to address local issues and concerns; and
- provide greater clarity about the wide range of powers afforded to licensing authorities to manage local gambling regulation through measures such as their statement of licensing policy.

The Licensing Authority will consult widely on the Gambling Policy statement before it is finalised and published.

The Act requires that the following parties be consulted by Licensing Authorities:

- the Chief Officer of Police for the Authority's area;
- one or more persons who appear to the Authority to represent the interests of persons carrying on gambling businesses in the Authority's area;
- one or more persons who appear to the Authority to represent the interests of persons who are likely to be affected by the exercise of the Authority's functions under the Act.

A list of those persons consulted is attached at appendix 5.

The consultation for the policy will take place between 6 October 2016 and 23 December 2016, a period of 12 weeks. The Licensing Authority has followed, as far is reasonably practicable given the time constraints, the Revised Code of Practice (April 2004) and the Cabinet Office Guidance on consultations by the public sector.

The full list of comments made and the consideration by the Licensing Authority of those will be available upon request to: The Licensing Administration Team via email [licensing@sevenoaks.gov.uk](mailto:licensing@sevenoaks.gov.uk) or by telephoning 01732 227 004.

The draft policy is published on Maidstone Borough Council's website <http://www.maidstone.gov.uk/>. Copies will be placed in the public libraries within the area and is available in the Council's principal offices.

This policy statement will not override the right of any person to make an application, make representations about an application or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Act.



### **3. Declaration**

In producing the final licensing policy statement, this Licensing Authority declares that it will have had regard to the licensing objectives of the Gambling Act 2005, the Guidance issued by the Gambling Commission, as amended, and any responses from those consulted on the policy statement.

Appendices have been attached to this statement providing further information and guidance that is intended only to assist readers, and should not be interpreted as legal advice or as part of the Council's policy. Readers are strongly advised to seek their own legal advice if they are unsure of the requirements of the Gambling Act 2005, the Guidance, or regulations issued under the Act.

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#### 4. Licensing Authority Functions

Function	Who deals with it
Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences	Licensing Authority
Issue Provisional Statements	Licensing Authority
Regulate members' clubs and miners' welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits	Licensing Authority
Issue Club Machine Permits to Commercial Clubs	Licensing Authority
Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres	Licensing Authority
Receive notifications from alcohol licensed premises (under the Licensing Act 2003) of the use of two or fewer gaming machines	Licensing Authority
Issue Licensed Premises Gaming Machine Permits for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines	Licensing Authority
Register small society lotteries below prescribed thresholds	Licensing Authority
Issue Prize Gaming Permits	Licensing Authority
Receive and endorse Temporary Use Notices	Licensing Authority
Receive Occasional Use Notices	Licensing Authority
Provide information to the Gambling Commission regarding details of licences issued (see section 8 on 'information exchange')	Licensing Authority
Maintain registers of the permits and licences that are issued under these functions	Licensing Authority

#### Gambling Commission Functions

Function	Who deals with it
Issue and renewal of Operating Licences	Gambling Commission
Review Operating Licences	Gambling Commission
Issue Personal Licences	Gambling Commission
Issue Codes of Practice	Gambling Commission

Issue Guidance to Licensing Authorities	Gambling Commission
Licence remote gambling through Operating Licences	Gambling Commission
Issue licences in relation to the manufacture, supply, installation, adaptation, maintenance or repair of gaming machines	Gambling Commission
Deal with appeals against Commission decisions	Gambling Appeals Tribunal

The Licensing Authority is not involved in licensing remote gambling. This will fall to the Gambling Commission via operating licences.

Concerns about manufacture, supply or repair of gaming machines will not be dealt with by the Licensing Authority but will be notified to the Gambling Commission.

## **5. Operators**

Gambling businesses are required to have an operator licence issued by the Gambling Commission before they can operate in Great Britain. Operator licences can be issued for up to ten different types of gambling activity and a separate licence is needed for both remote and non-remote gambling of the same types.

An operator licence gives a general authorisation for a business to provide gambling facilities, but a business wishing to provide non-remote gambling facilities in a Licensing Authority area is required to apply for a premises licence that is specific to the particular premises.

Operators are required to comply with conditions attached to both their operator and individual premises licences. They are also required to adhere to the mandatory provisions in the Gambling Commission's Social Responsibility Code of Practice and take account of the provisions in the Ordinary Code of Practice (although these are not mandatory).

The Licence Conditions and Codes of Practice (LCCP) were updated in April 2015, and have introduced significant new responsibilities for operators in relation to their local premises. With effect from April 2016, all non-remote licensees that run gambling premises will be required to assess the local risks to the licensing objectives arising from each of their premises and have policies, procedures and control measures to mitigate them.

Licensees are required to take into account the Licensing Authority's statement of principles in developing their risk assessments.

## **6. Risk Assessments**

Gambling operators are required to undertake a risk assessment for all their existing premises as from 6<sup>th</sup> April 2016. In undertaking their risk assessments, they must take into account relevant matters identified in the Licensing Authority's Statement of Policy.

Following that date, operators must also undertake a review of these assessments when certain triggers are met. These 'triggers', along with the Council's views on what would

instigate either a new assessment or the review of an existing one are detailed at appendix B attached to this document.

Operators are advised to share their risk assessments when submitting such applications, or otherwise at the request of the Licensing Authority, such as when they are inspecting a premises.

Such risk assessments can make reference to the Licensing Authority's Local Area Profile, which may be compiled with respect to reported gambling-related problems in an area.

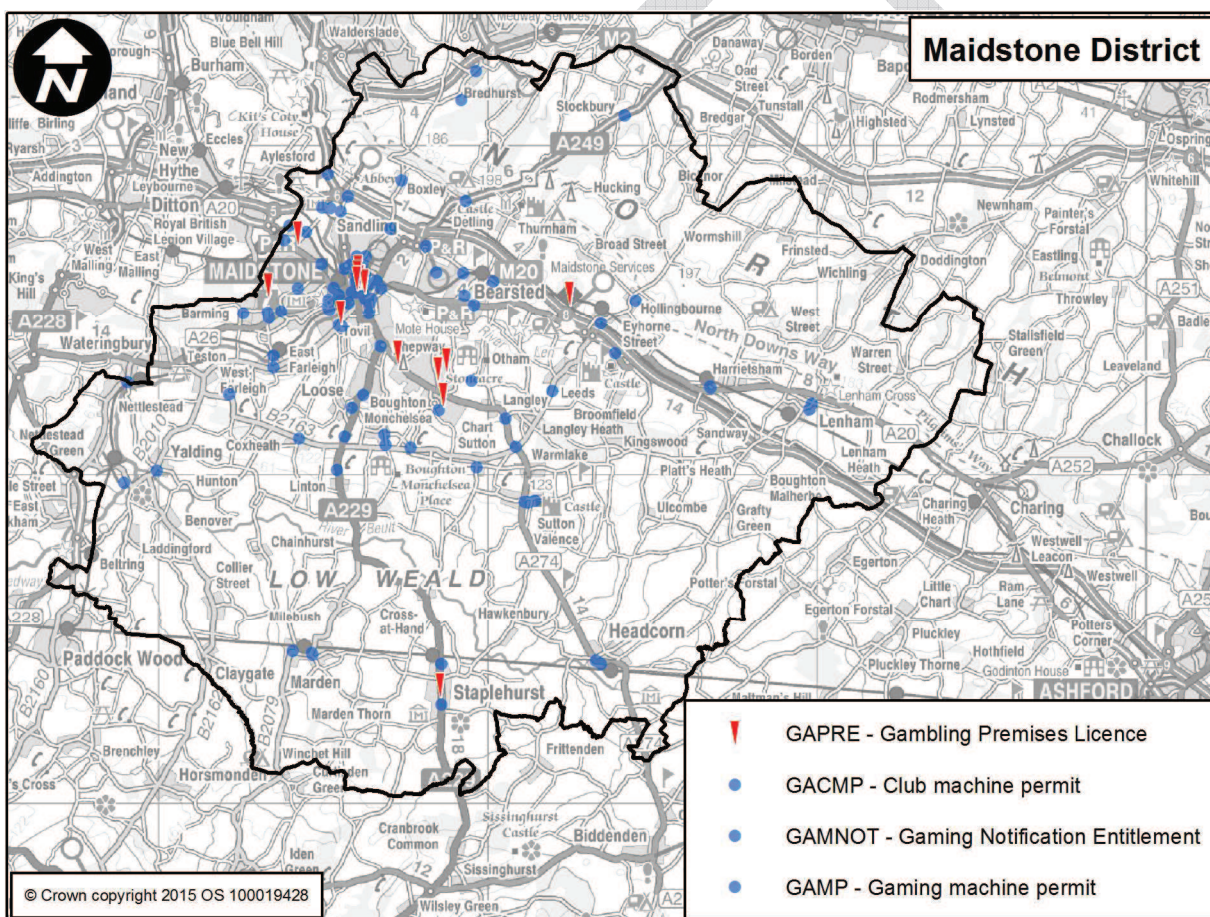
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## 7. Local Area Profile (LAP)

The Guidance indicates licensing authorities complete and map their own assessment of local risks and concerns by developing Local Area Profiles to help shape their statements (although there is no requirement to do this). In simple terms, the objective of the profile is to set out what the area is like, what risks this might pose to the licensing objectives, and what the implications of this are for the Licensing Authority and operators. Importantly, risk in this context includes potential and actual risks, thereby taking into account possible future emerging risks, rather than reflecting current risks only.

Gambling Premises are mapped out within the Borough (red markers) and those premises that have gaming machine permits (Licensed Premises and Club) and gaming permits (Clubs) to indicate the location of the premises. There are 17 betting gambling premises across the Borough and there are no areas of high density of gambling premises. Gambling premises and gambling activities are concentrated in and around Maidstone, which the map demonstrates.



In assessing local area profiles, Licensing Authorities can also take into account the location of

- schools, sixth form colleges, youth centres etc., with reference to the potential risk of under-age gambling

- hostels or support services for vulnerable people, such as those with addiction issues or who are homeless, given the greater risk of problem gambling among these groups
- religious buildings
- any known information about issues with problem gambling
- the surrounding night time economy, and possible interaction with gambling premises
- patterns of crime or anti-social behaviour in the area, and specifically linked to gambling premises
- the socio-economic makeup of the area
- the density of different types of gambling premises in certain locations
- specific types of gambling premises in the local area (E.g., seaside resorts may typically have more arcades or FECs).

In drafting this document relevant bodies and organisations were contacted for evidence of existing problems. However, information at the time of drafting this Statement of Principles was unavailable. This Licensing Authority does not have evidence that there are specific issues at the moment to support the assertion that any part of the Borough had or is experiencing problems from gambling activities.

Complaints are only one means to consider addressing risk as they are related to an event that has happened, rather than the probability of an event happening and the likely impact of that. This position will be kept under review, and in the event that it changes, further research will be carried out to discover the extent of the problems and to prepare a Local Area Profile (LAP). If there is a need or evidence to develop the LAP further this will be done outside the scope of this document and updated as information changes.

## **8. Responsible Authorities**

In exercising the Licensing Authority's powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm, the following principles have been applied:

- the need for the body to be responsible for an area covering the whole of the Licensing Authority's area and
- the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

In accordance with the Commission's Guidance for Local Authorities the Licensing Authority designates the following for this purpose:

### **Children's and Families - KCC Social Service**

The contact details of all the Responsible Bodies under the Gambling Act 2005 are listed at Appendix 3 of the policy.

## 9. Interested parties

The Licensing Authority is required by regulations to state the principles it will apply in exercising its powers under the Act to determine whether a person is an interested party.

Section 158 of the Gambling Act 2005 defines interested parties as persons who, in the opinion of the Licensing Authority;

- a) lives sufficiently close to the premises to be likely to be affected by the authorised activities;
- b) has business interests that might be affected by the authorised activities;
- c) represents persons who satisfy paragraph (a) or (b).

An interested party can make representations about licence applications or apply for a review of an existing licence.

Each application will be decided upon its merits. This Authority will not apply rigid rules to its decision-making. However, it will consider the Commission's Guidance issued to local authorities.

The Gambling Commission has emphasised that 'demand' cannot be a factor in determining applications.

The Guidance states that moral objections to gambling are not a valid reason to reject applications for premises licences, as such objections do not relate to the licensing objectives. All objections must be based on the licensing objectives.

The Commission has recommended that the Licensing Authority state within its Gambling Policy Statement that interested parties may include trade associations, trade unions, and residents and tenants' associations. However, this Authority will not generally view these bodies as interested parties unless they have a person who in the opinion of the Licensing Authority:-

- a) live sufficiently close to the premises to be likely to be affected by the authorised activities;
- b) have business interests that might be affected by the authorised activities; or
- c) represents persons who satisfy paragraph a) or b).

Interested parties can be persons who are democratically elected, such as Councillors and MP's. No evidence of being asked to represent an interested person will be required provided the Councillor/MP represents the relevant ward. Likewise, parish councils may be considered to be interested parties.

Apart from these exceptions this Authority will require written confirmation that a person/body/advocate/relative is authorised to represent an interested party. Where they can demonstrate that they represent person in (a) or (b) above, a letter of authorisation from one of these persons, requesting the representative to speak on their behalf will be sufficient.

Councillors who are not within the definition of an "interested party" may attend meetings of the Licensing Committee's Sub-Committees, but have no right to address the hearing unless appointed by an 'interested party' to assist or represent that party.



In determining whether a person lives or has business interests sufficiently close to the premises, that they are likely to be affected by the authorised activities, the Licensing Authority will consider the following factors:-

- the size of the premises;
- the nature of the premises;
- the distance of the premises from the location of the person making the representation;
- the potential impact of the premises (e.g. number of customers, routes likely to be taken by those visiting the establishment);
- the circumstances of the complaint. This does not mean the personal characteristics of the complainant but the interest of the complainant, which may be relevant to the distance from the premises;
- the catchment area of the premises (i.e. how far people travel to visit); and
- whether the person making the representation has business interests in that catchment area that might be affected.

If there are any doubts then please contact the Licensing Team via email at [licensing@maidstone.gov.uk](mailto:licensing@maidstone.gov.uk) or by telephone 01622 602028.

## **10. Exchange of Information**

Licensing Authorities are required to include in their Gambling Policy Statement the principles to be applied by the Authority, in exercising the functions, under sections 29 and 30 of the Act, with respect to the exchange of information between it and the Gambling Commission, the functions under section 350 of the Act with the respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.

The principle that this Licensing Authority will apply is that it will have regard to the provisions of the Gambling Act 2005 in its exchange of information, and the provision that the Data Protection Act 1998 will not be contravened. The Licensing Authority will have regard to any revised Guidance issued by the Gambling Commission on this matter as well as any regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.

Any protocols established as regards information exchange with other bodies will be made available.

## **11. Public Register**

The Licensing Authority is required to keep a public register and share information contained in it with the Gambling Commission and others. Regulations will prescribe what information should be kept in the register. Copies of the register may be obtained on payment of a fee.

## **12. Compliance and Enforcement**

The Licensing Authority will act in accordance with the relevant legislation and Guidance as amended from the Gambling Commission and adopt the principles of better regulation set out in the Regulators Compliance Code.

The purpose of the Licensing Authority's enforcement protocol is to facilitate co-operation and co-ordination between enforcement agencies in pursuance of both the Gambling Act 2005 and the Licensing Act 2003.



A copy can be requested via email at [licensing@sevenoaks.gov.uk](mailto:licensing@sevenoaks.gov.uk) or by telephoning the Licensing Administration Team 01732 227004.

In accordance with the Gambling Commission's Guidance for local authorities this Licensing Authority will endeavour to avoid duplication with other regulatory regimes.

The Licensing Authority, as recommended by the Gambling Commission's Guidance, has adopted a risk-based inspection programme.

Licensing authorities are required by regulation under the Gambling Act 2005, to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and the powers under section 346 of the Act to institute criminal proceedings in respect of the offences specified.

The Licensing Authority's principles are that:

It will adopt the Guidance for local authorities and it will endeavour to be:

- **Proportionate**  
Intervention will only be when necessary. Remedies should be appropriate to the risk posed and costs identified and minimised.
- **Accountable**  
Authorities must be able to justify decisions and be subject to public scrutiny.
- **Consistent**  
Rules and standards must be joined up and implemented fairly.
- **Transparent**  
Enforcement should be open and regulations kept simple and user friendly.
- **Targeted**  
Enforcement should be focused on the problems and minimise side effects.

The Licensing Authority will adopt a risk based inspection programme.

The main enforcement and compliance role for the Licensing Authority in terms of the Gambling Act 2005 will be to ensure compliance with the premises licences and other permissions which it authorises. The Gambling Commission will be the enforcement body for Operating and Personal Licences.

## Appendix 1

Factors to be taken into account when considering applications for premises licences, permits and other permissions including matters that will be considered when determining whether to review a licence.

### 1. Permits

- i. **Unlicensed Family Entertainment Centre (FEC) gaming machine permits**  
(Statement of Principles on Permits - Schedule 10 para7)

Where a premises does not hold a Premises Licence but wishes to provide gaming machines it may apply to the Licensing Authority for this permit. The applicant must show that the premises will be wholly or mainly used for making gaming machines available for use (Section 238).

As unlicensed family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues. The Licensing Authority has considered and will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling, but includes wider child protection considerations. The policies and procedures are expected to include:

- What staff should do if they suspect that truant children are on the premises;
- How staff should deal with unsupervised young children on the premises;
- How staff should deal with children causing perceived problems on or around the premises;
- Safeguarding awareness training
- A basic criminal record check for staff or equivalent criminal records check for the applicant and also the person who has the day to day control of the premises;

The Licensing Authority will also expect applicants to demonstrate

- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed family entertainment centres;
- that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and
- that staff are trained to have full understanding of the maximum stakes and prizes.

It should be noted that a Licensing Authority cannot attach conditions to this type of permit and that the “statement of principles” only applies to initial applications and not to renewals (paragraph 8(2)). For initial applications, the Licensing Authority need not (but may) have regard to the licensing objectives and shall have regard to any Gambling Commission Guidance.

The Gambling Commission's Guidance for local authorities states: "In their three year licensing policy statement, licensing authorities may include a statement of principles that they propose to apply when exercising their functions in considering applications for permits...., licensing authorities may want to give weight to child protection issues."

The Gambling Commission's Guidance also states: "An application for a permit may be granted only if the Licensing Authority is satisfied that the premises will be used as an unlicensed FEC, and if the Chief Officer of Police has been consulted on the application."

**Statement of Principles:** This Licensing Authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.

The efficiency of such policies and procedures will each be considered on their merits. However, they may include:-

- appropriate measures/training for staff as regards suspected truant school children on the premises;
- measures/training covering how staff would deal with unsupervised very young children being on the premises;
- children causing perceived problems on/around the premises; and
- Safeguarding awareness training

With regard to renewals of these permits, the Licensing Authority may refuse an application for renewal of a permit only on the grounds that an authorised local authority officer has been refused access to the premises without reasonable excuse or that renewal would not be reasonably consistent with pursuit of the licensing objectives.

**(ii) (Alcohol) Licensed Premises (Licensing Act 2003) Gaming Machine Permits – (Schedule 13 Para 4(1))**

There is provision in the Act for premises licensed to sell alcohol for consumption on the premises to automatically have two gaming machines of categories C and/or D. The premises licence holders merely need to notify the Licensing Authority. The Licensing Authority may make an order disapplying the automatic entitlement in respect of any particular premises if:

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act 2005;
- the premises are mainly used for gaming; or
- an offence under the Gambling Act 2005 has been committed on the premises.

If a premises wishes to have more than two machines, then it needs to apply for a permit and the Licensing Authority will consider that application based upon the licensing objectives, any Guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005, and “*such matters as they think relevant.*”

This Licensing Authority considers that “such matters” will be decided on a case by case basis, but generally there will be regard to the need to protect children and vulnerable persons from being harmed or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines. Premises should be configured so that children are not invited to participate in, have accidental access to, or closely observe gambling where they are prohibited from participating.

Measures which will satisfy the Licensing Authority that there will be no access may include the adult machines being in sight of the bar or in the sight of staff that will monitor that the machines are not being used by those under 18 years old. Notices and signage may also help. As regards the protection of vulnerable persons applicants may wish to consider the provision of information leaflets/helpline numbers for organisations such as GamCare.

It should be noted that the Licensing Authority can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

It should also be noted that the holder of a permit must comply with any Code of Practice, as amended, issued by the Gambling Commission about the location and operation of the machine.

**(iii) Prize Gaming Permits – (Statement of Principles on Permits - Schedule 14 Para 8 (3))**

Given that the premises will particularly appeal to children and young persons, in considering what to take into account in the application process and what information to request from the applicant, the Licensing Authority will want to give weight to child protection issues and will ask the applicant to set out the types of gaming that he or she is intending to offer. The applicant will be expected to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.

- What staff should do if they suspect that truant children are on the premises;
- How staff should deal with unsupervised young children on the premises;
- How staff should deal with children causing perceived problems on or around the premises;
- Safeguarding awareness training; and
- A basic criminal record check for staff or equivalent criminal records check for the applicant and also the person who has the day to day control of the premises;

The Licensing Authority will also expect applicants to demonstrate

- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed family entertainment centres;
- that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act);
- that staff are trained to have full understanding of the maximum stakes and prizes; and
- that the gaming offered is within the law

In making its decision on an application for this permit the Licensing Authority need not (but may) have regard to the licensing objectives and shall have regard to any Gambling Commission Guidance.

The Gambling Act 2005, attaches mandatory conditions to all prize gaming permits. The Licensing Authority cannot attach conditions. The mandatory conditions are as follows:

The limits on participation fees, as set out in regulations, must be complied with;

- the all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize) or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.
- Prize gaming permits are issued for 10 years and there is no annual fee.

**(iv) Club Gaming and Club Machines Permits (Schedule 12 Para 1)**

Members' Clubs and Miners' Welfare Institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Club Gaming Machine Permit. The Club Gaming Permit will enable the premises to provide gaming machines (3 machines of categories B3A, B4, C or D), equal chance gaming and games of chance as set out in regulations. A Club Machine Permit will enable the premises to provide gaming machines (3 machines of categories B3A, B4, C or D). A

If a club does not wish to have the full range of facilities permitted by a club gaming permit or if they are a commercial club not permitted to provide non-machine gaming (other than exempt gaming under section 269 of the Act), they may apply for a club machine permit which will enable the premises to provide gaming machines (three machines of categories B4, C or D).

The Guidance for local authorities states: "Members' Clubs must have at least 25 members and be established and conducted "wholly or mainly" for purposes other than gaming, unless the gaming is restricted to bridge and whist but there is no need for a club to have an alcohol licence.

The Licensing Authority is aware that it may refuse an application on one or more of the following grounds:

- (a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- (b) the applicant's premises are used wholly or mainly by children and/or young persons, or by both;
- (c) an offence under the Act or a breach of a condition of a permit has been committed by the applicant while providing gaming activities;
- (d) a permit held by the applicant has been cancelled in the previous ten years; or
- (e) an objection has been lodged by the Gambling Commission or the police.



### **Fast Track Procedure (Schedule 12(10))**

There is also a procedure available under the Act for premises that hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12, para 10). As the Gambling Commission's Guidance for local authorities' states: "Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the grounds upon which an authority can refuse a permit are reduced" and "The grounds on which an application under the process may be refused are:

- (a) that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- (b) that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- (c) that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled."

There are statutory conditions on club gaming permits that no child uses a category B3A, B4 or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

## Appendix 2

### 2. Gambling Premises Licences

#### (i) Decision making - general:

Premises Licences will be subject to the requirements set-out in the Gambling Act 2005 and Regulations, as well as specific mandatory and default conditions detailed in regulations issued by the Secretary of State. The Licensing Authority is able to exclude default conditions and also attach others, where it is believed to be appropriate.

The Licensing Authority is aware that in making decisions about premises licences it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission;
- in accordance with any relevant Guidance issued by the Gambling Commission;
- reasonably consistent with the Licensing Objectives; and
- in accordance with the Authority's Statement of Licensing Policy.

Any conditions attached to licences by the Licensing Authority will be proportionate and will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
- directly related to the premises and the type of licence applied for;
- fairly and reasonably related to the scale and type of premises; and
- are reasonable in all other respects.

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures the Licensing Authority will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. There are specific comments made in this regard under some of the licence types below. The Licensing Authority will also expect the licence applicant to offer his/her own suggestions as to the way in which the licensing objectives can be met effectively.

An applicant for a licence will need to specify what supervision is proposed for the area where machines are sited and to clarify how supervisors will be trained to recognise vulnerable adults.

The Licensing Authority will also consider specific measures which may be required for buildings which are subject to multiple premises licences. Such measures may include the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in a non-adult gambling specific premises in order to pursue the licensing objectives. These matters are in accordance with the Gambling Commission's Guidance.



The Licensing Authority will also ensure that where category C or above machines are on offer in premises to which children are admitted:

- all such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where these machines are located;
- access to the area where the machines are located is supervised;
- the area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- at the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons less than 18 years of age.

These conditions will apply to premises including buildings where multiple premises licences are applicable.

The Licensing Authority is aware that tracks may be subject to one or more than one premises licence provided each licence relates to a specified area of the track. As per the Gambling Commission's Guidance, the Licensing Authority will consider the impact upon the third licensing objective and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

There are also conditions which the Licensing Authority cannot attach to premises licences which are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated) and
- conditions in relation to stakes, fees, winning or prizes.

**(ii) "Premises":**

Premises are defined in the Act as "any place". It is for the Licensing Authority to decide whether different parts of a building can be properly regarded as being separate premises and as the Guidance for local authorities' states, it "will always be a question of fact in the circumstances". The Gambling Commission does not however consider that areas of a building that are artificially or temporarily separate can be properly regarded as different premises.

The Licensing Authority will have regard to the Commission's Guidance on the division of premises and access between premises.

The Licensing Authority takes particular note of the Guidance for Local Authorities which states that in considering applications for multiple licences for a building or those for a specific part of the building to be licensed, licensing authorities should be aware that:

- the third licensing objective seeks to protect children from being harmed by gambling. In practice that means not only preventing them from taking part in gambling but also that they are not permitted to be in close proximity to gambling. Therefore premises should be configured so that children are not invited to participate in, have accidental access to, or closely observe gambling where they are prohibited from participating; and
- entrances and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised and that people do not 'drift' into a gambling area.

The Licensing Authority will pay particular attention to applications where access to the licensed premises is through other premises (which themselves may be licensed or unlicensed). Clearly, there will be specific issues that authorities should consider before granting such applications, for example, whether children can gain access; compatibility of the two establishments; and ability to comply with the requirements of the Act. But, in addition an overriding consideration should be whether, taken as a whole, the co-location of the licensed premises with other facilities has the effect of creating an arrangement that otherwise would, or should, be prohibited under the Act.

It should also be noted that an applicant cannot obtain a full premises licence until the premises in which it is proposed to offer the gambling are constructed. The Gambling Commission has advised that references to "the premises" are to the premises in which gambling may now take place. Thus a licence to use premises for gambling will only be issued in relation to premises that are ready to be used for gambling. The Licensing Authority agrees with the Gambling Commission that it is a question of fact and degree whether premises are finished to a degree that they can be considered for a premises licence. The Gambling Commission emphasises that requiring the building to be complete ensures that the authority can, if necessary, inspect it fully, as can other responsible authorities with inspection rights.

**(iii) Location:**

The Licensing Authority is aware that demand issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives can. As per the Gambling Commission's Guidance for local authorities, the Licensing Authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. Should any specific policy be decided upon as regards areas where gambling premises should not be located, this statement will be updated. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

**(iv) Planning:**

Planning and licensing are different regulatory systems and will be dealt with separately. The Gambling Commission's Guidance states: "When dealing with a premises licence application for finished buildings, the Licensing Authority should not take into account whether those buildings have or comply with the necessary planning or building consents.

Those matters should be dealt with under relevant planning control, building and other regulations and not form part of the consideration for the premises licence. Section 210 of the 2005 Act prevents licensing authorities taking into account the likelihood of the proposal by the applicant obtaining planning or building consent when considering a premises licence application. Equally the grant of a gambling premises licence does not prejudice or prevent any action that may be appropriate under the law relating to planning or building."

**(v) Duplication:**

As stated above in section 12 on Compliance and Enforcement, as per the Gambling Commission's Guidance for local authorities the Licensing Authority will seek to avoid duplication with other regulatory regimes so far as possible.

**(vi) Door Supervisors:**

The Gambling Commission's Guidance advises local authorities that licensing authorities may require persons operating premises in which gambling takes place to take measures such as the supervision of entrances; segregation of gambling from non-gambling areas frequented by children (assuming such non-gambling areas are compatible with requirements of the Act); and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the licensing objectives.

Any person employed to fulfil a condition on a premises licence that requires door supervision should hold a relevant licence issued by the Security Industry Authority (SIA).

It is to be noted that door supervisors at licensed casino or bingo premises are exempt from the requirements of the Private Security Industry Act 2001. Where an authority imposes door supervision requirements on such licences, the personnel will not need licensing under the 2001 Act.

The Licensing Authority therefore has specific requirements for door supervisors working at casinos or bingo premises, where there are multiple licensable activities and/or the Police Licensing Officer has concerns about the licensing objectives being undermined.

Where the premises are licensed under the Licensing Act 2003 door supervisors will be required to hold a relevant licence issued by the Security Industry Authority (SIA).

**(vii) Licensing objectives:**

The Licensing Authority has considered the Commission's Guidance to local authorities in respect of the licensing objectives.

*Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;*

*Ensuring that gambling is conducted in a fair and open way;*

*Protecting children and other vulnerable persons from being harmed or exploited by gambling.*

**(viii) Reviews:**

Interested parties or responsible authorities can make requests for a review of a premises licence; however, it is for the Licensing Authority to decide whether the review is to be carried out. This will be on the basis of whether the request for the review is relevant to the following matters:

- it is in accordance with any relevant code of practice issued by the Gambling Commission;
- it is in accordance with any relevant Guidance issued by the Gambling Commission;
- it is reasonably consistent with the licensing objectives; and
- it is in accordance with the authority's statement of licensing policy.

Consideration will be given as to whether the request is frivolous, vexatious, or will certainly not cause the Licensing Authority to wish to alter/revoke/suspend the licence, or whether it is substantially the same as previous representations or requests for review.

The Licensing Authority can also initiate a review of a licence on the basis of any reason that it thinks is appropriate.

**(ix) Provisional Statements:**

The Licensing Authority notes the Guidance from the Gambling Commission which states:

S.204 of the Act provides for a person to make an application to the Licensing Authority for a provisional statement in respect of premises that he or she:

- expects to be constructed
- expects to be altered
- expects to acquire a right to occupy.

In terms of representations about premises licence applications, following the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant's circumstances.

In addition, the authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- (a) which could not have been raised by objectors at the provisional licence stage; or
- (b) which in the authority's opinion reflect a change in the operator's circumstances.
- (c) Where the premises has not been constructed in accordance with the plan and information submitted with the provisional statement application. This must be a substantial change to the plan and licensing authorities should discuss any concerns they have with the applicant before making a decision.

**(x) Adult Gaming Centres (AGC):**

The Licensing Authority particularly notes the Commission's Guidance which states: "No-one under the age of 18 years of age is permitted to enter an AGC. Licensing authorities will wish to have particular regard to the location of an entry to AGCs to minimise the opportunities for children to gain access. This may be of particular importance in areas where young people may be unsupervised and an AGC is in a complex, such as a shopping centre or airport."

The Licensing Authority will expect applicants to offer their own measures to meet the licensing objectives although appropriate measures/licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/machine areas
- Physical separation of areas
- Location of entry
- Notices/signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

**(xi) (Licensed) Family Entertainment Centres (FECs):**

Family Entertainment Centres are wholly or mainly used for having gaming machines available for use.

The Licensing Authority will, as per the Gambling Commission's Guidance refer to the Commission's website to see any conditions that apply to operator licences covering the way in which the area containing the category C machines should be delineated. This Licensing Authority will also make itself aware of any mandatory or default conditions on these premises licences.



The Licensing Authority will expect applicants to offer their own measures to meet the licensing objectives although appropriate measures/licence conditions may cover issues such as:

- CCTV
- Supervision of entrances/machine areas
- Physical separation of areas
- Location of entry
- Notices/signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare
- Measures/training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

**(xii) Tracks:**

The Licensing Authority is aware that the Gambling Commission may provide specific Guidance as regards tracks. The Licensing Authority shall have regard to this Guidance in the discharge of its functions.

**(xiii) Casinos:**

The Licensing Authority has not passed a 'no Casino' resolution under Section 166(1) of the Gambling Act 2005; therefore this would allow the authority to grant a Casino licence.

Any future decision to pass or not pass such a resolution will be made by the Council's Licensing Committee and will need to be endorsed by the Full Council, but will only be taken after a full consultation process has been undertaken within its area.

**(xiv) Bingo:**

The Licensing Authority will have regard to the Gambling Commission's Guidance.

**(xv) Temporary Use Notice (TUN):**

There are a number of statutory limits as regards Temporary Use Notices. It is noted that it falls to the Licensing Authority to decide what constitutes a 'set of premises' where Temporary Use Notices are received relating to the same building/site (see Gambling Commission's Guidance for Local Authorities).

**(xvi) Occasional Use Notice (OUN):**

The Licensing Authority has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. The Licensing Authority will need to consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

**(xvii) Travelling Fairs:**

It will fall to the Licensing Authority to decide whether, where category D machines and/or equal chance prize gaming without a permit are to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

The Licensing Authority will also consider whether the applicant falls within the statutory definition of a travelling fair.

It has been noted that the 27-day statutory maximum for the land being used as a fair, is per calendar year and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. This Licensing Authority will work with its neighbouring authorities to ensure that land which crosses its boundaries is monitored so that the statutory limits are not exceeded.

**Help with gambling related problems:**

A list of organisations where people may seek help will be available on the Licensing Authority's website.

## Appendix 3

### Responsible Authorities:

Further information about the Gambling Act 2005 and the Council's licensing policy can be obtained from:

#### Licensing Team

Maidstone Borough Council  
Maidstone House  
King Street  
Maidstone  
Kent  
ME15 6JQ

Tel: 01622 602028

e-mail: [licensing@maidstone.gov.uk](mailto:licensing@maidstone.gov.uk)

Website: [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

#### Local Planning Authority

Maidstone Borough Council  
Maidstone House  
King Street  
Maidstone  
Kent  
ME15 6JQ

Tel: 01622 602736

e-mail:

[planningsupport@midkent.gov.uk](mailto:planningsupport@midkent.gov.uk)

#### Chief Police Officer – (West Division)

Maidstone Police Station  
Palace Avenue  
Maidstone  
Kent  
ME15 6NF

Tel: 01622 690690

e-mail:

[west.division.licensing@kent.pnn.police.uk](mailto:west.division.licensing@kent.pnn.police.uk)

### Information can also be obtained from:

#### Gambling Commission

Victoria Square House  
Victoria Square  
Birmingham. B2 4BP

Tel: 0121 230 6666

Fax 0121 230 6720

e-mail: [info@gamblingcommission.gov.uk](mailto:info@gamblingcommission.gov.uk)

Website: [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

#### Environmental Protection/ Health and Safety

Maidstone Borough Council  
Maidstone House  
King Street  
Maidstone  
Kent  
ME15 6JQ

Tel: 01622 602202

e-mail:

[enforcementoperations@maidstone.gov.uk](mailto:enforcementoperations@maidstone.gov.uk)

#### Kent Safeguarding Children's Board

KCC Social Services  
Sessions House  
County Road  
Maidstone  
Kent ME14 1XQ

e-mail: [kscb@kent.gov.uk](mailto:kscb@kent.gov.uk)

[social.services@kent.gov.uk](mailto:social.services@kent.gov.uk)



## Appendix 4

### TABLE OF DELEGATIONS OF LICENSING FUNCTIONS

Gambling Act 2005	Functions	Delegation
	Final approval of three year licensing policy	Full Council
	Policy not to permit casinos	Full Council
	Fee Setting (when appropriate)	Full Council
Section 29	Duty to comply with requirement to provide information to Gambling Commission	Officers
Section 30	Functions relating to the exchange of information	Officers
Section 163	Determination of application for Premises Licence in respect of which representations have been made (and not withdrawn) Determination of application for Premises Licence where no relevant representations received	Licensing Sub-Committee Officers
Section 162	Attachment of condition to Premises Licence or exclusion of default condition	Licensing Sub-Committee
Section 162	Decision as to whether representation is vexatious, frivolous, or would certainly not influence the authority's determination of application	Officers in consultation with the Head of Service
Section 187	Determination of application to vary Premises Licence in respect of which representations have been made (and not withdrawn) Determination of application to vary Premises Licence in respect of which no representation received	Licensing Sub-Committee Officers
Section 188	Determination of application for transfer of Premises Licence in respect of which representations have been made (not withdrawn) Determination of application for transfer of Premises Licence where no representations received	Licensing Sub-Committee Officers
Section 193	Revocation of Premises Licence for failure to pay annual fee	Officers
Section 194	Determination that a Premises Licence has lapsed	Officers
Section 195	Reinstatement of lapsed Premises Licence in respect of which representations have been made (and not withdrawn) Reinstatement of lapsed Premises Licence where no representation is received	Licensing Sub-Committee Officers
Section 198	Rejection of application for review of Premises Licence on various grounds	Officers in consultation with Head of Service
Section 200	Initiation of review of Premises Licence	Officers
Section 201	Determination that representation about review of Premises Licence is frivolous, vexatious or will certainly not influence a review of a Premises Licence	Officers in consultation with Head of Service

Section 202	Determination of action following review of Premises Licence	Licensing Sub-Committee
Section 204	Determination of application for provisional statement in respect of Premises Licence where representations have been made (and not withdrawn) Determination of application for provisional statement in respect of which no representations received	Licensing Sub-Committee  Officers
Section 205	Decision to disregard representations made in respect of application for a Premises Licence after issue of provisional statement	Officers in consultation with Head of Service
Section 218	Issue of counter notice to Temporary Use Notice where number of permitted days are exceeded	Officers
Section 221	Objection to Temporary Use Notice	Officers
Section 222	Issue of counter notice in response to Temporary Use Notice	Licensing Sub-Committee
Section 284	Making of Order to remove exemptions from specified premises	Licensing Sub-Committee
Section 304	Power to designate officer of a Licensing Authority as an authorised person for a purpose relating to premises	Officers
Section 346	Institution of criminal proceedings in respect of an offence under the provisions of the Act	Officers in consultation with Head of Service
Schedule 10		
Paragraph 8	Determination of application for Family Entertainment Centre Gaming Machine Permit	Director of Regeneration and Communities (or in his absence the Head of Housing & Community Services) (Refusal to be exercised only in consultation with Head of Service)
Paragraphs 14 and 15	Notification of lapse of Family Entertainment Centre Gaming Permit	Officers in consultation with Head of Service
Schedule 11		
Paragraph 44	Registration of society for small society lottery	Officers
Paragraph 48	Refusal of application for registration of society for small society lottery	Officers in consultation with Head of Service
Paragraph 50	Revocation of registration of society for small society lottery	Officers in consultation with Head of Service
Paragraph 54	Cancellation of registration of society for small society lottery for non-payment of annual fee	Officers
Schedule 12		
Paragraphs 5 and 10 and 24	Determination of application for Club Gaming Permit and Club Registration Permit and for renewal of permit in respect of which representations have been made (and not withdrawn) Determination of application for Club	Licensing Sub-Committee  Officers

	Gaming Permit and Club Registration Permit and for renewal of permit where no representations received	
Paragraph 15	Determination of application for variation of Club Gaming Permit and in respect of which Club Registration Permit and cancellation of permit representations have been made (and not withdrawn)  Determination of application for variation of Club Gaming Permit and Club Registration Permit and cancellation of permit where no representations	Licensing Sub-Committee  Officers
Paragraph 21	Cancellation of Club Gaming Permit and Club Registration Permit	Licensing Sub-Committee
Paragraph 22	Cancellation of Club Gaming Permit and Club Registration Permit for failure to pay annual fee	Officers
Schedule 13		
Paragraphs 4, 15 and 19	Determination of application for grant, variation or transfer of Licensed Premises Gaming Machine Permit	Officers (Refusal and limitation on number of machines only in consultation with Head of Service
Paragraph 16	Cancellation of Licensed Premises Gaming Machine Permit or variation of number or category of machines in respect of which representations received (and not withdrawn)	Sub-Committee
Paragraph 17	Cancellation of Licensing Premises Gaming Machine Permit and variation of number or category of machine where no representations received  Cancellation of Licensed Premises Gaming Machine Permit for failure to pay annual fee	Officers  Officers
Schedule 14		
Paragraphs 9 and 18	Determination of application for Prize Gaming Permit and application for renewal of Permit	Officers (Refusal only in consultation with Head of Service
Paragraph 15	Determination that Prize Gaming Permit has lapsed	Officers

## Appendix 5

### LIST OF CONSULTEES

**All Maidstone Borough Councillors**

**All Parish Councillors**

**All premises currently licensed to sell or supply alcohol**

**All premises currently licensed for regulated entertainment**

**All premises currently licensed for late night refreshments**

**Any other prescribed in regulations by Secretary of State**

**Town Centre Management**

**Environment Agency**

**British Waterways Board**

**GamCare**

2 & 3 Baden Place

Crosby Row

London SE1 1YW

Tel: 020 7378 5200

Website: [www.gamcare.org.uk](http://www.gamcare.org.uk)

**The Bingo Association**

Lexham House

75 High Street (North)

Dunstable

Bedfordshire LU6 1JF

Tel: 01582 860921

Website: [www.bingo\\_association.co.uk](http://www.bingo_association.co.uk)

**British Casino Association**

38 Grosvenor Gardens

London SW1W 0EB

Tel: 020 7730 1055

Website: [www.britishcasinoassociation.org.uk](http://www.britishcasinoassociation.org.uk)

**This list is not finite and other persons or organisations may be added.**

# SUMMARY OF GAMING MACHINES BY PREMISES

## Appendix 6

	Machine category								
Premises type	A	B1	B2	B3	B3A	B4	C	D	
Large casino (machine/table ratio of 5-1 up to maximum)		Maximum of 150 machines Any combination of machines in categories B to D (except B3A machines), within the total limit of 150 (subject to machine/table ratio)							
Small casino (machine/table ratio of 2-1 up to maximum)		Maximum of 80 machines Any combination of machines in categories B to D (except B3A machines), within the total limit of 80 (subject to machine/table ratio)							
Pre-2005 Act casino (no machine/table ratio)		Maximum of 20 machines categories B to D (except B3A machines), or any number of C or D machines instead							
Betting premises and tracks occupied by pool betting			Maximum of 4 machines categories B2 to D						
Bingo premises				Maximum of 20% of total number of gaming machines which are available for use on the premises categories B3 or B4				No limit on category C or D machines	
Adult gaming centre				Maximum of 20% of total number of gaming machines which are available for use on the premises categories B3 or B4				No limit on category C or D machines	
Family entertainment centre (with premises licence)						No limit on category C or D machines			
Family entertainment centre (with permit)							No limit on category D machines		
Clubs or miners' welfare institute (with permits)							Maximum of 3 machines in categories B3A or B4 to D*		
Qualifying alcohol-licensed premises							1 or 2 machines of category C or D automatic upon notification		
Qualifying alcohol-licensed premises (with gaming machine permit)							Number of category C D machines as specified on permit		
Travelling fair							No limit on category D machines		
	A	B1	B2	B3	B3A	B4	C	D	

<sup>1</sup> Bingo premises licence are entitled to make available for use a number of category B gaming machines not exceeding 20% of the total number of gaming machines on the premises. Where a premises licence was granted before 13 July 2011, they are entitled to make available eight<sup>107</sup> category B gaming machines, or 20% of the total number of gaming machines, whichever

is the greater. Category B machines at bingo premises are restricted to sub-category B3 and B4 machines, but not B3A machines.

- 2 Adult gaming centres are entitled to make available for use a number of category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises and any number of category C or D machines. Where a premises licence was granted before 13 July 2011, they are entitled to make available four category B gaming machines, or 20% of the total number of gaming machines, whichever is the greater. Category B machines at adult gaming centres are restricted to sub-category B3 and B4 machines, but not B3A machines.
3. Only premises that are wholly or mainly used for making gaming machines available may hold an unlicensed FEC gaming machine permit or an FEC premises licence. Category C machines may only be sited within licensed FEC's and where an FEC permit is in force. They must be in a separate area to ensure the segregation and supervision of machines that may only be played by adults. There is no power for the licensing authority to set a limit on the number of machines under the FEC permit.
4. Members' clubs and miners' welfare institutes with a club gaming permit or with a club machine permit, are entitled to site a total of three machines in categories B3A to D but only one B3A machine can be sited as part of this entitlement.
- 5 Commercial clubs with club machine or gaming permits are entitled to a total of three machines in categories B4 to D.

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## Appendix 7

### SUMMARY OF MAXIMUM STAKE AND MAXIMUM PRIZE BY CATEGORY OF GAMING MACHINE.

Machine category	Maximum stake (from January 2014)	Maximum prize (from January 2014)	Allowed premises
<b>A</b>	Unlimited	Unlimited	Regional Casino
<b>B1</b>	£5	£10,000 (with the option of a maximum £20,000 linked progressive jackpot on a premises basis only)	Large Casino, Small Casino, Pre-2005 Act casino and Regional Casinos
<b>B2</b>	£100	£500	Betting premises and tracks occupied by pool betting and all of the above
<b>B3</b>	£2	£500	Bingo premises, Adult gaming centre and all of the above
<b>B3A</b>	£2	£500	Members' club or Miners' welfare institute only
<b>B4</b>	£2	£400	Members' club or Miners' welfare club, commercial club and all of the above.
<b>C</b>	£1	£100	Family entertainment centre (with Commission operating licence), Qualifying alcohol licensed premises (without additional gaming machine permit), Qualifying alcohol licensed premises (with additional LA gaming machine permit) and all of the above.
<b>D money prize</b>	10p	£5	Travelling fairs, unlicensed (permit) Family entertainment centre and all of the above

<b>D non-money prize (other than crane grab machine)</b>	30p	£8	All of the above.
<b>D non-money prize (crane grab machine)</b>	£1	£50	All of the above.
<b>D combined money and non-money prize (other than coin pusher or penny falls machines)</b>	10p	£8 (of which no more than £5 may be a money prize)	All of the above.
<b>D combined money and non-money prize (coin pusher or penny falls machine)</b>	20p	£20 (of which no more than £10 may be a money prize)	All of the above.

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## Appendix 8

### STATEMENT OF PRINCIPLES FOR UNLICENSED FAMILY ENTERTAINMENT CENTRES, GAMING MACHINE PERMITS & PRIZE GAMING PERMITS GAMBLING ACT 2005

#### Contents

1. The Gambling Act 2005
2. Purpose of this document
3. Unlicensed Family Entertainment Centres (UFECs)
4. Prize Gaming Permits
5. Statement of Principles for UFEC gaming machine permits and prize gaming permits
6. Supporting documents
7. Child Protection Issues
8. Protection of Vulnerable Persons
9. Miscellaneous Matters

#### **1. The Gambling Act 2005**

Unless otherwise stated any references in this document to the Council is to Maidstone Borough Council as the Licensing Authority.

The Act requires the Council, as the Licensing Authority, to aim to permit the use of premises for gambling in so far as the authority thinks it:

- In accordance with a relevant code of practice,
- In accordance with any relevant Guidance issued by the Gambling Commission,
- Reasonably consistent with the licensing objectives, and
- In accordance with the Licensing Authority policy issued under the Act.

The licensing objectives are:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- Ensuring that gambling is conducted in a fair and open way
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

## **2. Purpose of this document**

This document has been prepared to assist persons considering making an application for either an unlicensed family entertainment centre (UFEC) gaming machine permit or a prize gaming under the Gambling Act 2005.

Maidstone Borough Council fully endorses the licensing objectives detailed above and expects all applicants to work in partnership to promote these objectives through clear and effective management of each gambling operation whether in respect of a permit or premises licence.

In respect of UFEC gaming machine permits it has been prepared in accordance with Paragraph 7 of Schedule 10 of the Act and in respect of prize gaming permits it has been prepared in accordance with paragraph 8 of Schedule 14 of the Act. The document should be read in conjunction with Maidstone Council Statement of Licensing Policy and Principles. – Gambling Act 2005.

The purpose of the document is to clarify measures that the Council will expect applicants to demonstrate when applying for either of these permits so the Council can determine the suitability of the applicant and the premises for a permit.

Within this process the Council will aim to grant the permit where the applicant is able to demonstrate that:

- They are a fit and proper person to hold the permit, and
- They have considered and are proposing suitable measures to promote the licensing objectives and they have a legal right to occupy the premises to which the permit is sought.

The measures suggested in this document should be read as guidance only and the Council will be happy for applicants to suggest measures above and beyond those listed in the document and or to substitute measures as appropriate.

## **3. Unlicensed Family Entertainment Centres**

The term 'unlicensed family entertainment centre' is one defined in the Act and refers to a premises which provides category D gaming machines together with various other amusements such as computer games and "penny-pushers".

The premises is 'unlicensed' in that it does not require a premises licence but does require a permit to be able to provide its category D gaming machines. It should not be confused with a 'licensed family entertainment centre' that does require a premises licence because it contains both category C and D gaming machines.

Unlicensed family entertainment centres (UFECs) will be most commonly located at seaside resorts, in airports and at motorway service centres, and will cater for families, including unaccompanied children and young persons. The Council will only grant a UFEC gaming machine permit where it is satisfied that the premises will be operated as a bona fide unlicensed family entertainment centre.

In line with the Act, while the Council cannot attach conditions to this type of permit, the Council can refuse applications if they are not satisfied that the issues raised in this “Statement of Principles” have been addressed through the application.

Applicants only need to address the “Statement of Principles” when making their initial applications and not at renewal time. (Permits are granted for a period of ten years.)

#### **4. Prize Gaming Permits**

Section 288 defines gaming as prize gaming if the nature and size of the prize is not determined by the number of people playing or the amount paid for or raised by the gaming. The prizes will be determined by the operator before play commences. Prize gaming can often be seen at seaside resorts in amusement arcades where bingo is offered and the prizes are displayed.

A prize gaming permit is a permit issued by the Council to authorise the provision of facilities for gaming with prizes on specified premises.

Applicants should be aware of the conditions in the Gambling Act 2005 by which prize gaming permits holders must comply. The conditions in the Act are:

- The limits on participation fees, as set out in regulations, must be complied with
- All chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played
- The prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize) and participation in the gaming must not entitle the player to take part in any other gambling

In line with the Act, while the Council cannot attach conditions to this type of permit, the Council can refuse applications if they are not satisfied that the issues raised in this “Statement of Principles” have been addressed through the application.

Applicants only need to address the “Statement of Principles” when making their initial applications and not at renewal time. Permits are granted for a period of ten years.

#### **5. Statement of Principles for UFEC gaming machine permits and prize gaming permits**

Supporting documents

The Council will require the following supporting documents to be served with all UFEC gaming machine permit and prize gaming permit applications:

- Proof of age (a certified copy or sight of an original birth certificate, driving licence, or passport – all applicants for these permits must be aged 18 or over);
- Proof that the applicant has the right to occupy the premises. Acceptable evidence would be a copy of any lease, a copy of the property's deeds or a similar document;
- An enhanced criminal record certificate. (This should be no greater than one month old.) This will be used to check that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act.)

In the case of applications for a UFEC gaming machine permit evidence that the machines to be provided are or were supplied by a legitimate gambling operator who holds a valid gaming machine technical operating licence issued by the Gambling Commission together with a plan of the premises to which the permit is sought showing the following items:

- The boundary of the building with any external or internal walls, entrances and exits to the building and any internal doorways where any category D gaming machines are positioned and the particular type of machines to be provided (e.g. Slot machines, penny falls, cranes)
- The location where any prize gaming will take place (including any seating and tables) and the area where any prizes will be displayed
- The positioning and types of any other amusement machines on the premises
- The location of any fixed or semi-fixed counters, booths or offices on the premises whereby staff monitor the customer floor area the location of any ATM/cash machines or change machines the location of any fixed or temporary structures such as columns or pillars
- The location and height of any stages in the premises; any steps, stairs, elevators, balconies or lifts in the premises
- The location of any public toilets in the building.

(Unless agreed with the Council, the plan should be drawn to a standard scale with a key showing the items mentioned above. The standard scale is 1:100)

## **6. Child Protection Issues**

The Council will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.

The Council will assess these policies and procedures on their merits, and they should (depending on the particular permit being applied for) include appropriate measures / training for staff as regards the following:

- Maintain contact details for any local schools and or the education authority so that any truant children can be reported
- Employ policies to address the problems associated with truant children who may attempt to gain access to the premises and gamble when they should be at school
- Employ policies to address any problems that may arise during seasonal periods where children may frequent the premises in greater numbers, such as half terms and summer holidays
- Maintain information at the premises of the term times of any local schools in the vicinity of the premises and also consider policies to ensure sufficient staffing levels during these times
- Display posters displaying the 'Child Line' phone number in discreet locations on the premises e.g. toilets
- Maintain an incident register of any problems that arise on the premises related to children such as children gambling excessively, truant children, children being unruly or young unaccompanied children entering the premises (The register should be used to detect any trends which require attention by the management of the premises.)
- Ensure all young children are accompanied by a responsible adult
- Maintain policies to deal with any young children who enter the premises unaccompanied
- Enhanced criminal records checks for all staff who will be working closely with children

NB: Any supporting evidence of the above measures e.g. Training manuals or other similar documents/written statements should be attached to the application.

## **7. Protection of Vulnerable Persons.**

The Council will expect the applicant to show that there are policies and procedures in place to protect vulnerable persons.

The Council will assess these policies and procedures on their merits; however they may (depending on the particular permit being applied for) include appropriate measures / training for staff as regards the following:

- Display Gamcare helpline stickers on all gaming machines
- Display Gamcare posters in prominent locations on the premises
- Training for staff members which focuses on building an employee's ability to maintain a sense of awareness of how much (e.g. how long) customers are gambling, as part of measures to detect persons who may be vulnerable
- Consider appropriate positioning of ATM and change machines (including the display of Gamcare stickers on any such machines)

NB: Any supporting evidence of the above measures e.g. Training manuals or other similar documents/written statements should be attached to the application.

## **8. Miscellaneous Matters**

The applicant should also be mindful of the following possible control measures (depending on the particular permit being applied for) to minimise crime and disorder and the possibility of public nuisance as follows:

- Maintain an effective CCTV system to monitor the interior and exterior of the premises
- Keep the interior and exterior of the premises clean and tidy
- Ensure the external lighting is suitably positioned and operated so as not to cause nuisance to neighbouring and adjoining premises
- Consider the design and layout of the outside of the premises to deter the congregation of children and youths
- Restrict normal opening hours to 8.45am to midnight daily
- Not permit any person who is drunk and disorderly or under the influence of drugs, to enter or remain on the premises
- Take such steps as are reasonably practicable to eliminate the escape of noise from the premises
- Ensure, where possible the external doors to the premises remain closed, except when in use, by fitting them with a device for automatic closure or by similar means
- Ensure that the premises are under the supervision of at least one responsible, adequately trained person at all times the premises are open

NB: Any supporting evidence of the above measures e.g. Training manuals or other similar documents/written statements should be attached to the application.

Applicants may obtain an enhanced Disclosure Barring Service disclosure on application to Disclosure Scotland on 0870 609 6006 or online at [www.disclosurescotland.co.uk](http://www.disclosurescotland.co.uk)

## **MAIDSTONE BOROUGH COUNCIL**

### **COUNCIL**

**1 MARCH 2017**

### **REPORT OF THE EMPLOYMENT COMMITTEE HELD ON** **1 FEBRUARY 2017**

#### **PAY POLICY STATEMENT 2017**

##### **Issue for Decision**

To approve the Pay Policy Statement (attached at Appendix B) for publication.

##### **Recommendation Made**

That Council agree the proposed Pay Policy Statement, as attached at Appendix B, for publication on the Council's website after 31 March 2017.

##### **Reasons for Recommendation**

On 1 February 2017 the Employment Committee considered the report of the Head of HR Shared Service (copy attached at Appendix A) regarding the Pay Policy Statement for 2017 and agreed to recommend the Pay Policy Statement to Council, as amended by the Head of HR Shared Service.

The Head of HR Shared Service made some minor textual changes as requested by the Committee.

##### **Alternatives Considered and Why Not Recommended**

There are no alternative options, the publication of the Pay Policy Statement gives consistency from previous years and meets the requirements of the legislation.

##### **Appendices**

**Appendix A** – Report of the Head of HR Shared Service to Employment Committee on 1 February 2017

**Appendix B** – Amended Pay Policy Statement for 2017



**Employment Committee****1 February 2017**

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

**No****Pay Policy Statement 2017**

<b>Final Decision-Maker</b>	Employment Committee
<b>Lead Head of Service</b>	Dena Smart, Head of HR Shared Service
<b>Lead Officer and Report Author</b>	Bal Sandher, HR Shared Services Manager
<b>Classification</b>	Public
<b>Wards affected</b>	

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

1. That the Council be recommended to agree the proposed Pay Policy Statement set out at appendix 1 to this report prior to publication on the council's web site.

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

- Keeping Maidstone Borough an attractive place for all – this is sets out the terms and conditions for all staff and as such it underpins all our priorities
- Securing a successful economy for Maidstone Borough - this is sets out the terms and conditions for all staff and as such it underpins all our priorities

**Timetable**

<b>Meeting</b>	<b>Date</b>
Employment Committee	1 February 2017
Council	1 March 2017



## **Pay Policy Statement 2017**

### **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 A Pay Policy Statement must be agreed by full Council for publication by 31st March 2017. The Pay Policy Statement should set out the main aspects of the remuneration strategy of the council.
- 1.2 The Council met the target to publish a Pay Policy Statement in previous years and the attached document has been updated to reflect changes during the year.

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### **2. INTRODUCTION AND BACKGROUND**

- 2.1 Section 38 (1) of the Localism Act 2011 came into force on 15 January 2012 and required English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year after that. The government consulted on a revised code in 2015 and the draft pay policy statement reflects the requirements of the revised code.
- 2.2 The matters that must be included in the statutory pay policy statement and the revised code of practice are as follows:
  - a local authority's policy on the level and elements of remuneration for each chief officer;
  - a local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition);
  - a local authority's policy on the relationship between the remuneration of its chief officers and other officers and in particular the pay multiple between the two;
  - a local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency;
  - an organisation chart or description of the number and grades of staff in the top three layers of the organisation, with information on the grades of all those with salaries in excess of £50,000;
  - details of trade union representatives for each of the recognised trade unions.
- 2.3 The reference to 'chief officer' refers to the statutory posts of Head of Paid Service, Monitoring Officer and Section 151 Officer plus any Deputy Chief Officers, which in our organisation includes anyone at Head of Service or above.
- 2.4 With regard to the process for approval, the pay policy statement:
  - Must be approved formally by the council meeting
  - Must be approved by the end of March each year
  - Can be amended in year

- Must be published on the authority's website
  - Must be complied with when the authority sets the terms and conditions for a chief officer
- 2.5 The Act specifically mentions that the pay policy statement may set out the authority's policies relating to other terms and conditions for chief officers and in the interest of open government there are recommendations that the pay policy statement sets out as much information relating to employee terms and conditions as is practical.
- 2.6 Terms and conditions of employment for employees is a function for which the Employment Committee has delegated responsibility within the constitution.
- 2.7 The general approach of the Employment Committee has been to take the same approach to senior members of staff as that taken with all other employees in relation to the benefits available and the review processes followed. The council has a thorough approach that applies best practice in the areas of remuneration and equal pay.
- 

### **3. AVAILABLE OPTIONS**

- 3.1 The Council could choose to publicise a reduced version of the Pay Policy Statement that meets the minimum requirements of the Act but this is not recommended as it does not satisfy the need for transparency and means that the data is not seen in the context of the good work already undertaken by the council.
- 

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

- 4.1 The preferred option is the format of the Pay Policy Statement set out at Appendix I as it gives consistency from previous years and meets the requirements of the legislation.
- 

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

- 5.1 As this is a statement of what is already in place and does not make any changes to the current position there has been no consultation to date; the report to the Employment Committee forms the basis of consultation to ensure that this format is acceptable before going to full council.
- 

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

- 6.1 Before the report goes to full council the tables and organisation structures in Appendix 1(H) will be updated to reflect the most up to date position as the current charts reflect the previous year's information.
- 6.2 Once the format is agreed by full council the information will be updated with the actual pay figures for the year ending March 2017 before it is uploaded to the council's web site. These figures cannot be calculated until March payroll is complete. The most up to date information will also be used for the pension contributions table and the election payments.

## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	This statement makes no changes to the current situations and there are no implications due to the content of the pay policy statement	Dena Smart Head of HR
<b>Risk Management</b>	The risks are reputational if the council fails to publish a Pay Policy Statement	Dena Smart Head of HR
<b>Financial</b>	There are no direct financial implications arising from publication of the pay policy statement. The Council's pay policy reflects its overall strategic and financial priorities.	[Section 151 Officer & Finance Team]
<b>Staffing</b>	This statement makes no changes to the current situations and there are no implications due to the content of the pay policy statement	Dena Smart Head of HR
<b>Legal</b>	Section 38 (1) of the Localism Act 2011	[Legal Team]
<b>Equality Impact Needs Assessment</b>	This statement makes no changes to the current situations and there are no implications due to the content of the pay policy statement	[Policy & Information Manager]
<b>Environmental/Sustainable Development</b>	None identified at this time	Dena Smart Head of HR
<b>Community Safety</b>	None identified at this time	Dena Smart Head of HR
<b>Human Rights Act</b>	None identified at this time	Dena Smart Head of HR
<b>Procurement</b>	None identified at this time	Dena Smart

		Head of HR
<b>Asset Management</b>	None identified at this time	Dena Smart Head of HR

## **8. REPORT APPENDICES**

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

- Appendix I: Pay Policy Statement 2017
- 

## **9. BACKGROUND PAPERS**

None

Maidstone Borough Council

Pay Policy Statement March 2017

1. Introduction

The key themes of the Workforce Strategy are:

- Organisation culture and change;
- Resourcing;
- Development; and
- Rewards

These strategic themes recognise the importance of pay and rewards as fundamental to our role as an employer. Our work on pay and rewards began in 2006 with an equal pay audit resulting in significant changes to the council's terms and conditions. The work continued through the implementation of the Work Force Strategy and the development of a Total Rewards approach to remuneration for council staff.

Maidstone Borough Council has its own terms and conditions and undertakes local pay bargaining with trade unions.

2. Terms and Conditions – Decision Making

Terms and conditions for employees are determined by the Employment Committee but where a decision has a budgetary implication beyond the agreed in year budget this will also require agreement from the Policy and Resources Committee.

3. Reward Strategy

The Reward Strategy was developed in full consultation with trade unions, staff and Members. This was a very thorough piece of work that ensured the Council managed the terms of employees at all levels in the same way and applied the principles of equal pay and performance management to the scheme that was developed. The strategy has been refined over time but the principles have remained in place.

The principles for the reward strategy are to:

1. Support a **performance** orientated organisation;
2. Provide an **attractive** employment package at all levels;
3. Be relevant to a **modern** local government authority;
4. Have a pay structure that is **transparent** and straightforward;
5. Reward people **fairly** and consistently;
6. Move toward a **Total Reward** approach; and
7. To be **affordable** within the Medium Term Financial Strategy.

The reward strategy takes a 'Total Reward' approach to the benefits package received by employees at the council to ensure that maximum benefit is gained from all aspects of what is on offer to employees. The key elements of this package are set out below.

### 3.1 Pay Scale and Pay Progression

Our policy for grades within the organisation is to apply an objective assessment of the relative 'size and value' of all our roles using a formal job evaluation process. Posts are graded through the HAY Job Evaluation Scheme and this process measures the requirements of the role against the key criteria of Know How, Problem Solving and Accountability when all the duties are being performed and the employee is fully effective in the role. Job evaluators are drawn from different parts of the organisation and trained to use the HAY scheme; every panel has one trade union representative as part of the panel. The **Lowest Paid** employees are defined as those whose posts have HAY points of 43 to 66 which place them into grade 2 of the pay scale, the same process is applied to Chief Officers whose roles are evaluated at the highest level of points. It is the policy of the organisation to refer to the HAY salary data for Local Government and to reflect the median salary for the south east public and not for profit sector. Since 2011 the council has 'bottom loaded' the annual pay award so that the percentage increase for the lowest paid was greater than those on higher salaries; in 2013 the council moved the lowest pay band in line with the Living Wage giving a significant increase to the low paid, the council has continued to match the Living wage since this point and currently pays in excess of the National Living Wage.

The pay scale has up to seven increments which recognise that with development in a role over time an employee's skills are of more value to the organisation and therefore warrant a higher salary. There are fewer incremental points in the lower grades and more in the more complex roles. New appointments to post will normally be at the first point of the grade unless there is evidence of a skill shortage in line with the criteria set out in the Market Supplement Policy. The pay scale is at Appendix I(A).

Incremental progression is assessed against the agreed Competency Profile for the role and evidence of the necessary Performance Standards and agreed objectives. Assessment will be on an annual basis but will be linked to the clear and continuous performance at the level required at each incremental step. Standard progression for fully effective performance is not beyond scale point four; in grades 13 – 16 there are an additional three high performance increments which may be awarded for performance which is over that usually required in the post. The rules for pay progression are set out in Appendix I(B).

Incremental progression is assessed by an employee's line manager in consultation with the Head of Service and Director who has to approve the recommendations within their Directorate; this is monitored by Corporate Leadership Team. The process and timetable for appraisals and incremental progression for the Chief Executive and Directors is set out at Appendix I(C).

## Appendix B

### 3.2 Market Supplements

Currently there are sixteen employees in receipt of Market Supplements within the council; this is an increase of three from the previous year; the policy is at Appendix I(D). There have been recruitment difficulties mainly with Building Surveyor staff during the year and it is anticipated that this will continue in several of the professional roles during 2017.

### 3.3 Pension

The council offers access to the Local Government Pension Scheme (LGPS) which is a significant benefit to employees and is one of the aspects of the Total Rewards package. The LGPS is a defined benefits scheme which requires contribution rates from employees of between 5.5% and 12.5% depending on earnings in accordance with the following table; in April 2014 there was an option to lower level contributions with the introduction of the 50/50 scheme.

Pensionable pay	Main Section	50/50 Section
Up to £13,600	5.50%	2.75%
£13,601 - £21,200	5.80%	2.90%
£21,201 - £34,400	6.50%	3.25%
£34,401 - £43,500	6.80%	3.40%
£43,501 - £60,700	8.50%	4.25%
£60,701 - £86,000	9.90%	4.95%
£86,001 - £101,200	10.50%	5.25%
£101,201 - £151,800	11.40%	5.70%
More than £151,801	12.50%	6.25%

The employer contribution rate for 2017/18 will be around 14.1% although this does vary from year to year, this is the future service rate excluding past service deficit.

The pension scheme is standard between all local government employers and in broad terms offers a pension benefit equivalent to 1/49<sup>th</sup> of pensionable salary per year of service, where pensionable salary is calculated on a career average with benefits paid at state retirement age.

Although most of the rules associated with the scheme are set centrally there are a few areas where local employers must define their own policy; the discretionary policy is attached at Appendix I(E). In broad terms it is not the policy of the council to increase pension benefits to employees through any form of enhancement.

Kent County Council is the administering authority for the Maidstone Borough Council scheme.

### 3.4 Pay Protection and Redundancy Payments

The council has a Redundancy Policy which sets out the approach that must be followed if posts are going to be affected because of organisational change. The procedure sets out the approval process and the consultation timetable, it also sets out the terms for redundancy and the pay protection policy, the pay protection policy is set out at Appendix I(F).

Any payments paid to an employee in relation to redundancy shall be in accordance with the statutory redundancy payments scheme and any other regulations applicable except that the Council will calculate a week's pay on actual earnings where this is in excess of the statutory maximum figure. *(Local Govt. (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2000).*

The policy of the organisation regarding re-employment following redundancy is that if a redundant employee commences local government employment within one month of the redundancy then the redundancy payment must be returned. Any other re-employment will only be considered where all other council rules on recruitment or procurement have been followed.

From June 2017 legislation will be introduced that caps exit payments at £95,000 on the total value of the payment for public sector workers and introduces a statutory requirement to recover exit payments made to workers whose minimum salary is £80,000 at the point of leaving employment and returning to work with another public sector employer within a 12 month period. Council policies will be amended to incorporate these requirements.

### 3.5 Other payments.

#### Honoraria

The council has a policy to recognise situations where an employee takes on more responsibility on a temporary basis; this is often as a cost saving measure when there is a vacancy, maternity leave etc. In 2016/17 there were sixteen people in receipt of Honoraria during the year and by the end of March this had reduced to nine staff.

#### Cash and Non-cash Awards

As part of the Total Rewards package the council has mechanisms for recognising exceptional contributions both from individuals and teams. In 2016/17 these were received by nine employees and there was a total of £3089 paid in cash awards.

#### Stand-By payments

These are paid to a small number of employees (twenty seven in 2016/17) who are on an out of hours on-call rota for specialist duties such as collecting stray dogs or attending noise complaints. The level of remuneration is up to £147 for each week of being on-call.

#### Car Allowances

In 2010 the council removed the facility for lease cars but retained a lease car allowance; in 2012 it was agreed that there would be no further allocation of the Lease Car Allowance in the future and that the current allowance would



be frozen. During the period since 2010 cars have been removed as the lease expired and the affected employees have moved onto the allowance and there are no remaining lease cars in the council. In 2010 there were in excess of ninety employees receiving either a lease car or cash alternative and this figure reduced to thirty one by March 2017 a reduction of eight from the previous year. Mileage rates for those receiving this allowance are currently up to 28 pence per mile.

A car allowance of up to £1239 is given to those employees that are required to have a vehicle for their role and by March 2017 there were eighty six members of staff in receipt of this allowance. The majority of those staff in receipt of this payment are within the statutory services or shared services which require external visits e.g. planning, environmental health and housing. Mileage rates for those receiving this allowance are at the HMRC level (in 2016/17 this was 45 pence per mile)

### Bonuses

The council does not make use of bonuses as part of its own remuneration package. However there are currently eight employees in receipt of regular bonuses as part of their TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) transfer terms and conditions from a previous employer; this is ten fewer than in 2011/12. These employees are all employed in the grounds maintenance teams and the productivity bonus tops up a lower basic wage. The TUPE regulations give protection to employees when their employment transfers which may only be changed through consultation.

### 3.6 Special fees and arrangements

Special fees may be paid for certain additional duties. In general these are connected to election duties and the funding for the allowance will not come from the council's own budget. An additional fee is paid for the role of Returning Officer for the District elections, this statutory role may be allocated to the Chief Executive or other officer within the council. Additional fees may be paid when an employee undertakes the role of Returning Officer, Counting Officer or other similar role, on behalf of another authority or organisation.

The council has adopted the Kent schedule of fees which is attached at Appendix I(G).

### 3.7 Other employee benefits

The council provides access to an Employee Assistance Programme which gives both telephone and face-to-face counselling on a range of issues. The council has access to an Occupational Health Service which helps to ensure that employees are properly supported to avoid taking sick leave and to return to work as soon as possible.

The council supports employees in their role with a development plan and training opportunities to ensure they are fully qualified to give excellent service. The council has been recognised for its development-focussed culture through the achievement of the Investors in People Silver award.

On an annual basis the council has an Awards Ceremony which recognises the best achievements during the preceding year. The council also recognises

long service and during 2014 this scheme was changed to recognise service over a longer period with shopping vouchers – the first level of recognition is at ten years and every five years thereafter up to forty years.

Salary sacrifice schemes – the council offers a salary sacrifice scheme to employees for the purchase of bicycles and childcare vouchers.

Buying annual leave – subject to agreement with their manager, employees are allowed to sacrifice some of their salary to buy more annual leave. In 2016/17 there were twenty seven members of staff that used this benefit, one more than the previous year.

#### 4. Monitoring

Salary budgets are monitored through the normal budget management processes by line managers. Members and senior officers regularly consider the Medium Term Financial Strategy and in particular to consider ways to reduce costs to the council.

As required by the Equality Act 2010 the council undertakes an equal pay audit of salaries annually which is published on the council's web site. This helps to identify whether there are significant differences in any employees that have the protected characteristics. In 2016 the government published further regulations that will require a snapshot of data to be taken as at 5<sup>th</sup> April 2017 and this will be published on the internet through a government equal pay portal.

The Code of Recommended Practice for Local Authorities on Data Transparency 2011 required that salary data was published on the highest earning staff within the council; this was actioned by March 2011 as required by the code. There has now been further qualification of the salary threshold for publication which has been set at £50,000 and above. This information is at Appendix 1(H).

The Code of Recommended Practice for Local Authorities on Data Transparency September 2011 (updated 2015) also requires that there is a process established to monitor the rate of growth of senior earnings compared to all other employees in the organisation. The formula required is to calculate the pay multiple of the Chief Executive compared to the median earnings of all other employees and where there is any significant change year on year this should be explained. It is the council's policy to use this pay multiple to monitor the relationship between remuneration of chief officers and other employees.

The recommendation in the 'Hutton Review of Fair Pay' 2011 has been followed:

'the pay multiple should be calculated on the basis of all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind'

The calculation for earnings changed in 2016 from previous years following the guidance from the Local Government Association (LGA). In previous

years the calculations have included earnings subject to national insurance contributions but this has been amended to include just the taxable earnings; the main difference between these two is the pension contribution made by the employee.

#### Taxable Pay

	<b>Chief Executive earnings</b>	<b>Median</b>	<b>Pay Multiple</b>
<b>2014/15</b>	102,159	18,606	5.49
<b>2015/16</b>	113,374	19,831	5.72
<b>2016/17</b>	123,028	20,037	6.14
<b>% change from previous year</b>	8.52%	1.04%	7.34%

The main difference in the Chief Executive's pay during 2016/17 was the payment of £15,774 for her role as Returning Officer at the Police Crime Commissioner and the Referendum elections and the progression of one incremental point on the salary scales.

The key difference in the median pay relates to the pay award increase of 1% in April 2016.

It is important to emphasise that the pay policy of the council is to pay at the market median and this is only reached at the top of the incremental pay points for each grade. This ensures that people are paid at a lower level than the council policy until they have fully matured into the role and, although these are contractual payments, they are withheld if performance is not satisfactory at the expected level.

#### 5. Trade Union Facility time

The Council recognises three trade unions, UNISON; UNITE and the GMB. However there are only representatives for UNISON and UNITE.

The council has a history of co-operative employee relations and with a range of fair employment policies there is a low level of trade union activity. None of the trade union representatives spend more than 50% of their working time on trade union duties; the council allows reasonable time for trade union duties (attending management meetings, pay negotiation, etc.) but no time is given for trade union activities (canvassing for additional membership etc.).

The number of trade union representatives is:

	<b>Headcount</b>	<b>Full Time Equivalent (FTE)</b>
UNISON	5	5
UNITE	1	1
GMB	0	0

6. Contact for further information

If you require any further information regarding the salary policy of the council you should contact Dena Smart, Head of HR Shared Services on 01622 602712 or by email on [denasmart@maidstone.gov.uk](mailto:denasmart@maidstone.gov.uk)

Appendix B

Appendix I(A)

**Pay Scale 2016 - 2017**

Grade	Spine point 1	Spine point 2	Spine point 3	Spine point 4	Spine point 5	Spine point 6	Spine point 7
1	<b>GRADE ONE IS NO LONGER IN USE</b>						
2	15,840	16,078					
3	16,100	16,483					
4	16,807	17,228	17,658				
5	18,300	18,758	19,226	19,707			
6	19,911	20,369	20,838	21,317			
7	21,930	22,435	22,951	23,478			
8	24,697	25,376	26,074	26,791			
9	27,600	28,359	29,139	29,940			
10	31,000	31,930	32,888	33,875			
11	34,500	35,449	36,424	37,425			
12	40,126	41,330	42,570	43,847			
13	44,500	45,835	47,210	48,663	50,861	53,058	55,255
14	59,188	61,861	64,536	67,210	70,386	73,655	75,833
15	78,461	81,891	85,323	88,754	92,185	95,616	99,430
16	104,117	107,076	110,037	112,997	115,958	118,917	123,664

Appendix I(B)

**Pay Progression**

1. Annual Inflation Award

Annual pay consultation will consider the cost of living, the position of MBC pay in comparison to the market but affordability will be the foremost consideration. Consultation will commence annually in September with the aim to reach agreement within the budget cycle so that payment can be made in April salaries.

The Chief Executive and Head of HR are responsible for undertaking pay negotiation with trade unions but the Policy and Resources Committee takes ultimate responsibility for agreeing the budget.

2. Pay progression within grade

The pay scale has up to four standard increments which recognise that with development in a role over time an employee is of more value to the organisation and therefore warrants a higher salary. There are fewer incremental points in the lower grades and more in the more complex roles. New appointments to post will normally be at the first point of the grade unless there is evidence of a skill shortage in line with the criteria set out in the Market Supplement Policy.

Progress through the grade will be assessed annually. This will not be an automatic progression but will require an assessment against the agreed Competency Profile and Performance Standards for the position. Where the employee has progressed towards the full competency profile they will be awarded an increment. Assessment for incremental progression will take place by October each year. This will therefore not be linked to the annual appraisal but will take place mid-year. Increased increments will be paid with effect from 1<sup>st</sup> October.

Employees must have six months service in their role by the 1<sup>st</sup> October to be eligible for assessment, if they are more recently appointed they will receive a review after six months in the position, thereafter they will be reviewed annually for the October increment.

Individuals will need to consistently demonstrate the behaviours required by the Competency Profile and Performance Standards for their role in order to maintain their incremental position. One off performance will not be sufficient to merit or maintain an increment.

Where individuals do not sustain the level of performance or where they have been assimilated to the top of the grade but are assessed as not having the full range of competencies they will be given time to improve but their pay will be frozen until they drop to the pay level that matches their performance, this includes any rise in annual pay as a result of pay inflation. This is outside the normal Pay Protection policy as it does not represent an organisational

change. Where the individual is assessed as not meeting the requirements of the grade their performance will be treated as a capability issue.

### 3. High Performance Increments (HPI) – Grades 13-16

In addition to the standard incremental progression which is linked to fully acceptable performance there are an additional three incremental points in grades 13 to 16. These incremental points will be linked to sustained high performance and should not be awarded for one off projects for which either an ex-gratia payment or cash award may be more appropriate. These HPI's recognise the impact of senior managers on the high performance of the organisation and they should only be used where it is possible to demonstrate that the individual has added significant value over and above what might be seen by other fully effective performers in the same role.

High Performance Increments will be considered in line with the mid year review for effect in October. The HPI may be awarded on either a consolidated or non-consolidated basis. Recommendation for an HPI must be made by a Director to the Corporate Leadership Team for grades 13 and 14, by the Chief Executive to the Member and Employment and Development Panel (MEDP) appraisal sub-committee for Directors (grade 15) and by the Leader to the MEDP appraisal sub-committee for the Chief Executive.

Consideration of some or all of the following factors is appropriate when an award of an HPI is recommended:

- Flexibility to manage new services following structure changes
- Innovative ways of working to improve performance and reduce costs
- Management of services outside the council e.g. shared services
- Continued performance at a level above the current grade but where there are no suitable opportunities for promotion
- Increased income to the council from selling services

It is important to emphasise that the HPI will not be the norm for pay progression and movement onto these increments will be carefully monitored to ensure that there are no equal pay implications.

### 4. Career Grades and Incremental Progression

A Career Grade offers the opportunity of a long path of progression to a particular professional position. As such the nature of the role and the requisite competencies are likely to vary considerably between the entry point and final destination. This means that through Job Evaluation the Career Grade is likely to span several grades and have many steps. To enable this clear stepped progression there may be some need to have interim points between the normal incremental points e.g. in recognition of the achievement of some particular milestone. These half incremental steps will be allowed providing that there is prior agreement with the Head of HR and that they are applied equally to all those who meet the criteria and are set out as part of the agreed career grade structure. Progress through the career grade will need to be evidence based and the Head of HR will need to agree to the progression if it is between grades.

## Appendix I(C)

**Chief Executive and Director Appraisal Process**

The appraisal panel for the Chief Executive will comprise of a sub-committee of the Employment Committee.

This committee will also take a 'grandparent' role to review and comment on the full annual appraisal and objectives for the Directors as set by the Chief Executive.

An indicative timetable and process for the Chief Executive is set out below:

<b>Process</b>	<b>Dates</b>	<b>Papers Required</b>
Chief Executive Appraisal and Director review	March	
Mid-Year Review – CEO with sub-committee	By mid September	Appraisal documents with agreed objectives and development plan – to be reviewed and up-dated
Mid-Year Review - Directors with CEO	September	Appraisal documents with agreed objectives and development plan – to be reviewed and up-dated
Chief Executive preparation Documents complete for circulation to sub- committee	January	Previous years appraisal & Mid Year Review Knowledge, Skills and Performance Standards Strategic Direction Competency Framework Appraisal Preparation document Briefing note on appraisal preparation
Chief Executives appraisal with sub committee	February	Appraisal produced from the meeting
Directors appraisals with CEO	February	Directors appraisals then CEO to write up and agreed by Directors
Sub-committee review of Directors appraisals	March	Previous years appraisal & Mid Year Review Knowledge, Skills and Performance Standards Strategic Direction Competency Framework Appraisal completed by Chief Executive & Director



## **MARKET SUPPLEMENTS FOR PAY**

### **Introduction**

The Council will utilise a Market Supplement to ensure that competitive salaries will attract and retain key workers in skill shortage areas without distorting the pay structures for all other employees. A Market Supplement for recruitment or retention purposes will only be used where there are clear business reasons that cannot be better addressed through the total benefits package, the work environment or department skill mix. It is recognised that pay is only one factor contributing to our attractiveness as an employer and other aspects of employment, particularly those relating to development, should be applied rather than using just a Market Supplement.

All jobs are graded using the HAY Job Evaluation system and the defined pay policy of the Council is to pay at Market Median where the market used is the HAY Local Government salary data. This is also checked against local Kent salary surveys to ensure that it is robust for the geographical region. This approach ensures that the employees of Maidstone Borough Council are paid at a fair level in comparison to other workers in similar employment groups.

However there is recognition that in certain professions there are either national or regional skill shortages and Maidstone needs to be responsive to the competition for these skills. In the longer term our aim will be to train employees to move into these specialist areas and to ensure that the specialists' skills are used properly within the organisation. In the short term Market Supplements may be used.

### **Identification of the Skill Shortage**

#### **Recruitment Campaigns**

Where there is no anticipated shortage there will need to be a minimum of two appropriate external recruitment campaigns within a 12 month period to establish that it is not possible to fill a position before it is agreed there is a requirement for a market supplement.

#### **Salary Survey**

The salary survey is conducted on an annual basis and gives details of the comparative salaries for defined positions in the south east. This clearly identifies the median salaries and is particularly relevant for local government roles. This will enable the identification of positions which may be vulnerable and where there is more than a 10% salary difference from the median there should be consideration of the need for a market supplement. The existence of this difference alone is unlikely to be sufficient justification and further analysis will be required to identify whether this has had an adverse impact on the Council's ability to recruit and retain.

#### **National Information**

Within local government there are certain identified skill shortage areas. These are identified through data collection from the Employers Organisation. In 2016 these skills were listed as:

1. Children's social workers
2. Planning officers \*
3. Building control officers \*
4. Environmental health officers \*
5. Educational psychologists
6. School crossing patrol
7. Adult social workers
8. Trading standards officers
9. Solicitors and lawyers
10. Mental Health Social Workers

\* category of worker employed by MBC

This national picture is the first indicator of a shortage. Where there is an identified shortage nationally the manager will still be required to demonstrate that this applies to the local area. This proof can be gained through the outcome of a relevant recruitment campaign during the previous 12 month period or through information from agencies about the availability of particular skill sets.

### **Market Supplement for Recruitment Purposes**

The level of supplement will be agreed between the Director and the Head of HR in consultation with the Head of Finance. It will be paid as part of monthly salary and will be pensionable. The supplement will not be subject to the cost of living award and will not be taken into account for any salary related enhancements eg overtime which will be paid at the normal salary rate.

The Market Supplement will be given for a minimum two year period initially. This will be annually reviewed to confirm that the supplement is still necessary and at the appropriate level. Where a reduction in level is the outcome of the review this will not take effect until the minimum two years has expired. Reductions will follow the process set out in section 5.

The payment of a Market Supplement must be within the Director's agreed budget. Approval must be given by the relevant Director and the Head of Human Resources who will ensure that all alternative options have been explored.

### **Market Supplement for Retention Purposes**

Whilst the Market Supplement is principally to enable the Council to be able to compete in a highly competitive market to attract new employees, there may be exceptional cases where a supplement should be considered for existing employees. This may occur in situations where a new recruit is offered a supplement which would then cause equally mobile colleagues to leave and seek a similar salary elsewhere. There may also be occasions where an employee with a specialist skill needs to be retained to ensure business continuity.

The level of supplement will be agreed between the Director and the Head of HR in consultation with the Head of Finance. It will be paid as part of monthly salary and will be pensionable. The supplement will not be subject to the cost of living award and will not be taken into account for any salary related enhancements eg overtime which will be paid at the normal salary rate. The Market Supplement will be given for a minimum two year period initially. This will be annually reviewed to confirm that the

supplement is still necessary and at the appropriate level. Where a reduction in level is the outcome of the review this will not take effect until the minimum two years has expired. Reductions will follow the process set out in section 5.

Agreement to the Market Supplement (or appointment above the bottom of the grade) will require the completion of the form at Appendix 1.

Payment of a Retention Supplement must only be considered in exceptional circumstances and particular attention must be paid to the Equal Pay issues.

### **Removal of the Supplement**

The availability of skills varies over time. As professions are identified as skill shortage areas and salaries rise they can attract an increased number of trainees. Where this is the case the Council would not wish to incur unnecessary costs, i.e. paying more for a skill than the median rate if this would be sufficient to attract high quality applicants.

Management Team will review the posts attracting a supplement annually in January. When it is clear that a particular profession or skill area no longer necessitates a market supplement this will be withdrawn over a phased period of 2 years – with the withdrawal of 25% of the supplement every six months until the employee returns to the normal rate for the job. The assessment of the on-going need will relate to the national skills assessment combined with local salary reviews and the response to recruitment campaigns. When a market supplement is to be withdrawn the employee will be notified by the end of January and the phased withdrawal will commence in April of that year. In this way the annual pay award should help to offset any reduction.

## **Appendix I(E)**

### **Maidstone Borough Council Policy and Procedural Issues Local Government Scheme Regulations Employer Discretions**

This paper confirms the pension policy of Maidstone Borough Council as it relates to the exercise of discretions contained in the Local Government Pension Scheme Regulations 2013 and the LGPS (Transitional Provisions, Savings and amendments) Regulations 2014. Last updated June 2014.

The policy statement applies to all members of staff who are eligible to be members of the LGPS, as defined in the regulations i.e. employees with a contract of employment of over 3 month's duration and who are under 75 years of age and are contractually enrolled at the start of employment. Those with contracts of less than 3 months, including casuals, can join but need to elect to do so.

Employees who are members of the pension scheme are only entitled to receive pension benefits if they have 2 years or more service. Under LGPS 2014 Regulation 18, if an employee leaves within 2 years of the start of their employment their contributions can be repaid or transferred to another scheme, unless there is some fraudulent offence or misconduct in connection with the employment

#### **Principles**

The Authority will treat any individual retirement case and decisions on its merits.

Decisions relating to retirement will be made taking into account the business case and business implications, the financial implications, employment law consideration, the regulations and the legality of each case. It may also take into account long term savings, affordability, skills and skills retention and impact on service delivery.

The definition of business efficiency shall include, but not be limited to financial savings and/or quality improvements judged on a case by case basis.

Each decision will be made free from discrimination on the grounds of any protected characterising – age, disability, gender reassignment, marriage or civil partnership, pregnancy & maternity, race, religion and belief, sex, sexual orientation or any other personal criteria.

The Authority's decisions relating to retirement and the release of pension benefits will be in line with the current pension regulations. These regulations may be updated from time to time and the Authority will default to the regulations if the policy is not explicit on any current or future regulation.

Decisions relating to the release of deferred benefits to former employees will refer to the relevant pension policies applicable at the time of their employment. In such cases, the decision as to the release of deferred benefits will be on a case by case basis and will take into account the criteria detailed in these principles. Guidance may be sought from the pension administrators as required.

#### **Regulation 9 (1) & (3) - Contributions**

Maidstone Borough Council will apply the nationally determined employee contribution rates and bands. These are subject to change and may be varied.

Maidstone Borough Council will pay the rate of contributions determined in the regulations for employees whose pay is reduced through ill health or during authorised unpaid leave, including child related leave.

The calculation of pensionable pay will include basic annual salary plus any other pensionable salary items including – Market Supplement/ Premium, Overtime, Bonus, Honorarium, Salary Supplements. The pensionable pay will be reviewed monthly and based on earnings for that month to identify the appropriate band and contribution percentage

Maidstone Borough Council will notify employees of their individual contribution rates in their payslips or by letter at least annually.

### **Regulation 16 (2)e and 16 (4)d – Shared Cost Additional Pension Contributions (SCAPC)**

It is not Maidstone Borough Council's general policy to operate a SCAPC where a scheme member wishes to purchase extra annual pension (up to the limit defined in the regulations).

Where a scheme member has a period of child related leave or authorised unpaid leave and elects, within 30 days of return to work, to pay a SCAPC to cover the amount of pension 'lost' during the period of absence, in these circumstances Maidstone Borough Council is required to contribute 2/3rds of the cost. If an election is made after the 30 day time limit the full costs will be met by the scheme member.

Employees who have the option to pay contributions in respect of a period of unpaid absence must elect to do so within 30 days of the date of the notice issued to them by the Human Resources Section stating the amount of contributions to be paid. This time limit may be extended by the Head of Human Resources if the employee can demonstrate exceptional circumstances so as to justify an extension of time.

### **TP Regulations 1(1)(c) of Schedule 2 – whether to allow the rule of 85 to be 'switched on' for members age 55-59.**

It is not Maidstone Borough Council's general policy to make use of the discretion to 'switch back on' the 85 year rule protections unless there are clear financial or operational advantages to the council. Each case will be considered on its merits by Head of Human Resources, the Head of Finance and the relevant Director.

### **Regulation 17 (1) – Shared Cost Additional Voluntary Contributions (SCAVC)**

It is not the current policy of the Borough Council to operate a shared cost Additional Voluntary Contribution Scheme for employees. However, this policy will be reviewed from time to time by the Head of Human Resources in conjunction with the Chief Finance Officer, subject to Member's approval.

### **Regulation 21 (5) – In determining Assumed Pensionable Pay whether a lump sum payment made in the previous 12 months is a 'regular lump sum'.**

Maidstone Borough Council will maintain a list which details what Maidstone Borough Council considers being a regular lump sum payment made to our employees to be used in the calculation of the Assumed Pensionable Pay

### **Regulation 22 (7)(b) & 22 (8)(b) - Aggregation of Benefits**

Employees who have previous LGPS pension benefits in England and Wales will automatically have these aggregated with their new LGPS employment unless they elect within 12 months of commencing membership of the LGPS in the new employment to retain separate benefits. Maidstone Borough Council has the discretion to extend this period beyond 12 months and each case will be considered on its own merits by the Head of Human Resources, the Head of Finance and the relevant Director.

### **Regulation 30(6) – Flexible Retirement**

## Appendix B

It is Maidstone Borough Council's policy to only provide consent for flexible retirement and the immediate payment of benefits where there are clear financial or operational benefits to the council. Any such consent requires the agreement of the Director of Human Resources and the relevant Director and each case would be considered on its merits.

If consent has been given under Regulation 30 (6) it is not Maidstone Borough Council's general policy to waive any actuarial reduction unless there are exceptional circumstances.

### **Regulation 30(8) Waiving of Actuarial Reductions**

It is not the policy of the Borough Council to give consent to the immediate payment of benefits to employees under this regulation unless there is a demonstrable benefit to the organisation which would take full account of any extra costs to be borne by the Authority. In circumstances where a request is made for an early payment of a deferred benefit this is unlikely to be granted except in the most extreme cases of hardship; circumstances must be exceptional and would not reasonably be expected to prevail i.e. the occurrence of a disaster or accident etc. Financial hardship alone would not normally be deemed sufficient. Any such consent shall be agreed by the Head of Human Resources, Head of Finance and the relevant Director taking account of all the details involved in the case.

Where a scheme member has previously been awarded a preserved benefit, it is not generally the policy of Maidstone Borough Council to give consent under this regulation to the early payment of benefits, however each request will be considered and full account taken of any costs to be borne by the authority. Any consent shall be agreed by the Head of Human Resources, Head of Finance and the relevant Director taking account of all the details involved in the case. It is not the council's general policy to waive any actuarial reduction in these circumstances.

### **Regulation 31 – Award of Additional Pension**

Maidstone Borough Council has the discretion to award additional pension (up to the additional pension limit defined in the regulations) to an active member or within 6 months of leaving the scheme to a scheme member who was dismissed on grounds of redundancy or business efficiency.

Maidstone Borough Council will only exercise this discretion in exceptional circumstances and where there is a proven total benefit to the organisation which includes any costs that might be borne by the authority. Any consent shall be agreed by the Head of Human Resources, Head of Finance and the relevant Director taking account of all the details involved in the case.

### **Regulation 100 (6) – Aggregation of Benefits**

If a scheme member wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, it is the policy of Maidstone Borough Council that the election must be made within 12 months of the Pension Section being notified that the employee has become an active member of the Kent Scheme.

If the 12 month period has elapsed then the member may make a case for any exceptional circumstances to be considered by the Head of Human Resources, the Head of Finance and the relevant Director within Maidstone Borough Council and by the Pension Scheme Administrator, both organisations must agree to the late transfer.

## **Appendix I(F)**

### **PAY PROTECTION POLICY**

#### **Introduction**

The Council believes that an integral feature of any successful organisation is its ability to identify the need for change and to manage that change, taking into account management's aspirations as well as the aspirations and well being of its employees.

Whilst the Council is committed to providing security of employment and to minimising the personal impact of organisational change there will be occasions when it will be necessary to reorganise services and the way in which they are delivered. In these circumstances the provisions of this policy will apply.

#### **Scope**

This policy applies to any employee who, as a consequence of organisational change, is required by management to move to a new post or suffers a reduction in basic hours worked within the standard working week. The provisions of this policy do not apply where an employee moves to another position as a result of:

- action taken in accordance with the Council's disciplinary or capability procedures
- the need for re-deployment on health grounds
- unacceptable standards of work performance
- a request from the individual or by mutual agreement between the individual and the Council
- a voluntary application to another position within the Council

#### **Protection Period**

Protection of earnings will be given for a period of 36 months. The first twelve months will be protected at the full earnings of the role held by the employee prior to the change. The 13-24 month period will be with a 33% reduction of the difference between the new earnings and the earnings of the role held prior to the change. The 25-36 month period will be with a 66% reduction and after a period of 36 months the employee will move to the salary and earnings of the new post. The employee will be moved to the salary point of the pay scale for the grade of the new post that is closest to the salary of the previous post. In most cases this is likely to be the highest incremental point of the relevant grade.

In exceptional circumstances, and where there may be a cost advantage to the organisation (e.g. where redundancy costs would be very high) there may be agreement with the Chief Executive, the Head of Finance and Head of Human Resources to extend this period to a maximum of five years.

#### **Calculation of Protection**

Earnings protection will be calculated as an average of the earnings in the four months preceding the organisational change. This will include basic salary, essential car user allowance, lease car cash allowance, stand-by payments and an average of overtime and out of hour's payments.

## Appendix B

Earnings in the new post will be off-set against protected earnings and if for any particular pay period the earnings in the new post exceed the protected earnings then the higher earnings will be paid for that pay period.

Where the period of protection spans the annual pay award the protected pay will be reduced by an amount equivalent to any increase in pay in the new substantive post.

### **Conditions of Protection**

Protection of earnings is conditional upon the employee undertaking any shift work, standby or other duties which may be required in the new post. Where there are increased earnings as a result of these additional duties this will result in an equivalent decrease in pay protection. In circumstance where the employee is required to drive and the post is designated as an Essential Car User or the level of mileage is such that the employee qualifies for the Essential Car User Allowance this will be paid but the level of pay protection will be reduced by the equivalent amount.

Protection of earnings is also conditional upon the employee accepting any subsequent offer of a suitable alternative post which attracts a salary in excess of that of the new post.

Overtime will be paid at the new rate (i.e. the real rate attached to the post) not at the protected rate.

### **Pension Implication**

It has been the Borough Council's policy to issue a certificate of protection of pension benefits to protect employees who suffer detriment by being required to take a cut in pay or who are prevented from having future pay increases by having their pay frozen. Any certificates issued may continue to apply to pension forecasts whilst they are still valid. Following the pension changes on 1 April 2008 there were no further certificates of protection issued but up to 31 March 2014 there are options for pension calculation to be based over a longer time period, affected employees should contact the pension administrator.

### **Terms and Conditions other than Pay**

Annual Leave entitlements and length of notice period required from the employee will not be protected and those applicable to the new post will be effective from the date of transfer.



**Appendix I(G)**

**KENT ASSOCIATION OF ELECTORAL REGISTRATION  
OFFICERS AND STAFF**

**September 2015**

**NOTES TO PROPOSED SCALE OF ELECTION FEES FOR 2016**

- 1.** Since 1998 the Kent scale of election fees mirrored the latest national scale, with local variations (for example, payment to the District/Borough for the use of Council staff). The Local Returning Officers' Charges Order 2009 for the European Parliamentary election of that year introduced a new approach by Government. The Order provided for an overall maximum of expenditure, based on various assumptions, and allowed flexibility across different heads of expenditure; this approach has continued at all national elections since. However, after full discussion of various options at the September 2010 meeting of the Association, it was unanimously agreed to retain the present structure for District/Borough elections in Kent.
- 2.** The scale of fees is revised each year in accordance with the annual National Joint Council APT & C pay award; the current fees will be increased in line with the NJC local government pay award for 2015/16 which has yet to be determined (as at 18 September 2015).
- 3.** In the absence of the NJC APT&C pay award, it is proposed to agree to increase the scale of fees and charges in line with any pay award granted for 2015/16 with effect from 1 April 2016.

## KENT ASSOCIATION OF ELECTORAL REGISTRATION OFFICERS AND STAFF

### Proposed scale of fees for District/Borough and Parish Council elections and Neighbourhood Referendum held on or after 1st April 2016

ITEM	Current 2015 £	Proposed 2016 £	% increase
1. For each Presiding Officer at a Polling Station – single election	203.60		In line with NJC award for 2015/16
2. For each Presiding Officer at a Polling Station – combined election or difficult station due to local circumstances (at the discretion of the Returning Officer)	250.12		“
3. For a Presiding Officer who acts as a supervisor at a Polling Place where there is more than one Polling Station	(additional) 9.87		“
4. Presiding Officer travel (see note 4 below)	13.96		“
5. For each Poll Clerk at a Polling Station – single election	122.16		“
6. For each Poll Clerk at a Polling Station – combined election (at the discretion of the Returning Officer)	151.25		“
7. Poll Clerk travel (see note 4 below)	8.11		“
8. Supervising Officer – for every 10 polling stations overseen	203.60		“
9. For each Presiding Officer, Poll Clerk and Supervising Officer attending training	45.19		“
10. For each training session provided by the Returning Officer to Presiding Officers and Poll Clerks	174.54		“
11. For the delivery of official Poll Cards by hand	Second class post	Second class post	
12. For the employment of persons in connection with the counting of votes, clerical and other assistance required by the Returning Officer – for each 500 electors (or part) in a contested election	71.23		“

## Appendix B

ITEM	Current 2015 £	Proposed 2016 £	% increase
13. For the employment of persons in connection with the preparation, issue and opening of postal ballot papers – for every 100 (or part) postal ballot papers issued. (Further resources may be needed to meet the effects of the Electoral Administration Act 2006)	69.81		“
14. For each recount of the votes – for each 500 electors (or part) (see note 3 below)	4.10		“
15. Travel of staff in connection with the counting of votes (at the discretion of the Returning Officer – see note 4 below)	8.11		“
16. For clerical and other assistance required by the Returning Officer at an uncontested election – for each 500 electors (or part)	19.38		“
17. Payment to the District/Borough for the use of Council staff to support the Returning Officer in the conduct of elections as follows: (a) contested election – (i.e. <b>without</b> District/Borough) for each 500 electors (or part) (b) contested joint election (i.e. <b>with</b> District/Borough) – for each 500 electors (or part)	55.17 27.58		“ “
18. Payment to the District/Borough for the use of Council staff at an uncontested election – per uncontested election (see note 5 below)	15.22		“
19. Returning Officer's fee for the conduct of elections as follows: (a) contested District/Borough OR Parish election – for each 500 electors (or part) (b) contested joint District/Borough AND Parish election – for each 500 electors (or part) (c) uncontested District/Borough election – single fee (d) uncontested Parish election – single fee	30.83 42.57 52.80 18.09		“ “ “ “

### Notes

1. The fees are calculated on the number of local government electors on the register of electors and entitled to vote at the last day for publication of the notice of election.
2. At parish polls the fees relating to polling staff may be pro rata.
3. **Item 14** – in special circumstances, the Returning Officer may recover actual costs.
4. **Items 4, 7 and 15** – variable mileage rates may be applied where fixed travel is considered inappropriate.

## Appendix B

5. **Item 18** - the payment referred to applies (in the case of a parish election) to each ward of a parish.

Appendix B

Appendix I(H)

**Details of remuneration and job title of certain senior employees whose basic salary is between £50,000 and £150,000.**

Position	Department	Remuneration	No of staff	Budget	Other services/responsibilities
Chief Executive	Chief Executive	£120,000 - £124,999	576	£47,785,530	Returning Officer responsible for all elections & Head of Paid Service
Director of Regeneration and Place	Regeneration and Place	£100,000 - £104,999	321	£28,246,915	
Director of Finance and Business Improvement	Finance and Business Improvement	£100,000 - £104,999	107	£9,392,650	Section 151 Officer
Interim Mid Kent Services Director	Mid Kent Services	£80,000 - £84,999	145	£6,732,900	Reports to Chief Executives of Maidstone, Swale & Tunbridge Wells Borough Councils.
Head of Mid Kent HR	Mid Kent HR	£75,000 - £79,999	15	£855,080	Head of shared service with Swale Borough Council
Head of Policy and Communications	Policy and Communications	£75,000 - £79,999	59	£4,991,340	
Head of Planning and Development	Planning and Development	£75,000 - £79,999	42	£5,297,700	
Head of Housing and Community Services	Housing and Community Services	£75,000 - £79,999	62	£7,682,275	
Head of Regeneration and Economic Development	Regeneration and Economic Development	£70,000 - £74,999	88	£6,894,270	
Head of Mid Kent Audit	Mid Kent Audit	£70,000 - £74,999	11	£308,970	Head of shared service with Ashford, Swale and Tunbridge Wells Borough Councils.
Head of Environment and Public Realm	Environment and Public Realm	£60,000 - £64,999	110	£9,062,990	
Chief Technology Officer	Mid Kent ICT	£55,000 - £59,999	17	£2,664,610	Manager within shared service with Swale and Tunbridge Wells Borough Councils.
Property and Procurement Manager	Property, Procurement and Facilities Management	£55,000 - £59,999	18	£2,134,340	
Service Improvement Manager	Customer Services and Transformation	£55,000 - £59,999	42	£1,786,890	
Economic Development & Regeneration Manager	Economic Development and Regeneration	£55,000 - £59,999	7	£797,880	
HR Shared Service Manager	Mid Kent HR	£55,000 - £59,999	4	£529,020	Manager within shared service with Swale Borough Council
Major Developments Officer	Planning and Development	£55,000 - £59,999	0	0	

## Appendix B

Parking Services Manager	Parking Services	£50,000 - £54,999	14	(£690,320)	Manager within shared service with Swale Borough Council
Deputy Head of Audit	Mid Kent Audit	£50,000 - £54,999	4	£308,970	Manager within shared service with Ashford, Swale and Tunbridge Wells BC

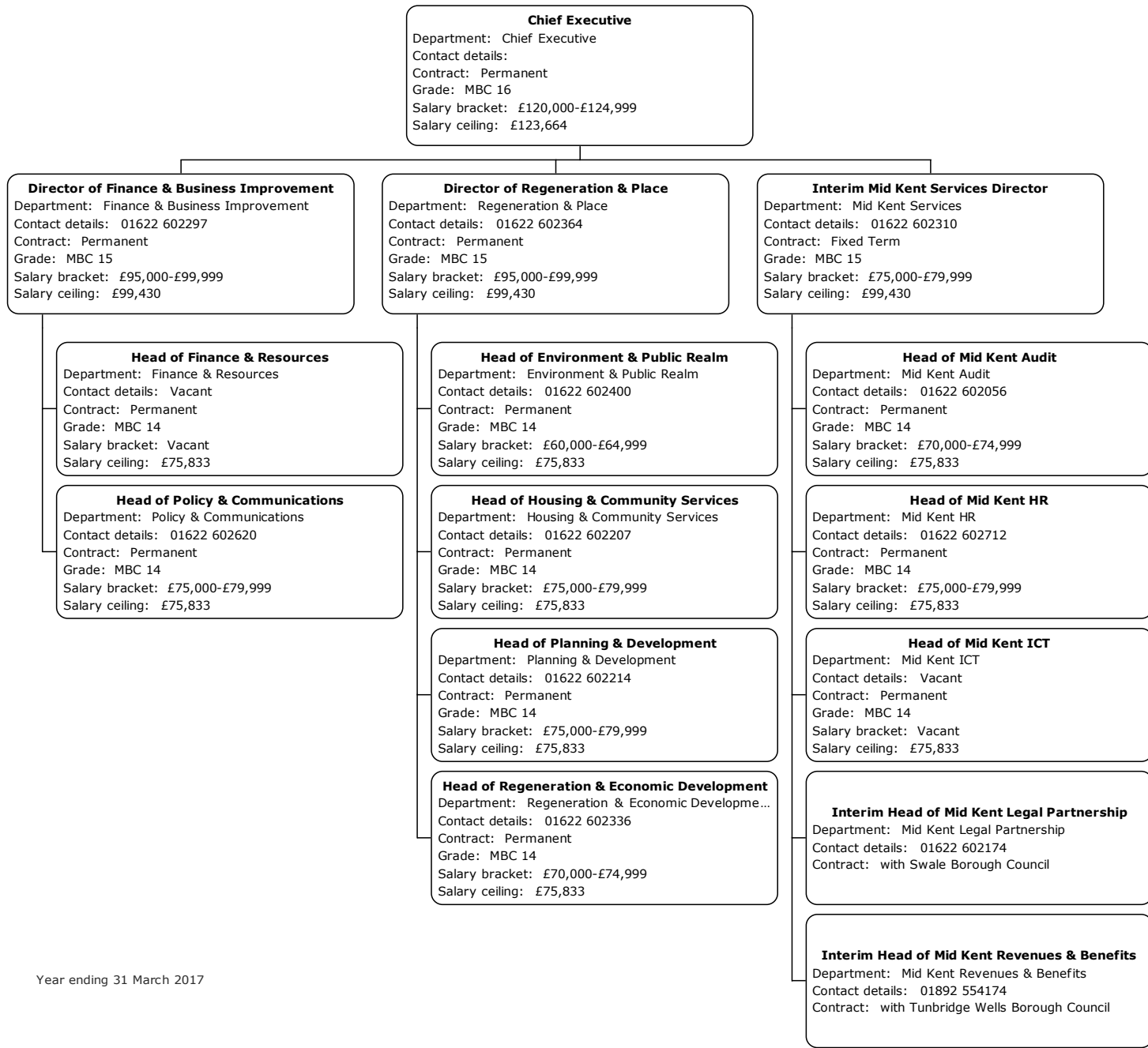
154

Remuneration band	Number of employees in band
£50,000 - £54,999	7
£55,000 - £59,999	6
£60,000 - £64,999	1
£65,000 - £69,999	0
£70,000 - £74,999	2
£75,000 - £79,999	4
£80,000 - £84,999	1
£85,000 - £89,999	0
£90,000 - £94,999	0
£95,000 - £99,999	0
£100,000 - £104,999	2
£105,000 - £109,999	0
£110,000 - £114,999	0
£115,000 - £119,999	0
£120,000 - £124,999	0
£125,000 - £129,999	0
£130,000 - £134,999	1
Total	24

**Number of employees whose remuneration in 2016/17 is at least £50,000 in brackets of £5,000**

This information is published in accordance with the guidance associated with The Code of Recommended Practice for Local Authorities on Data Transparency (2014) which requires the publication of senior salaries within a £5000 range. The table includes all earnings.

**Data transparency: Maidstone Borough Council organisation chart**





<b>COUNCIL</b>	<b>1 March 2017</b>
Is the final decision on the recommendations in this report to be made at this meeting?	<b>Yes</b>

## Calendar of Meetings 2017/18

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Angela Woodhouse, Head of Policy and Communications
<b>Lead Officer and Report Author</b>	Debbie Snook, Democratic Services Officer
<b>Classification</b>	Public
<b>Wards affected</b>	All

<p><b>This report makes the following recommendations to this Committee:</b></p> <ol style="list-style-type: none"> <li>1. That the Calendar of Meetings 2017/18, attached as Appendix A to this report, be approved.</li> </ol>
--

<p><b>This report relates to the following corporate priorities:</b></p> <ul style="list-style-type: none"> <li>• Keeping Maidstone Borough an attractive place for all</li> <li>• Securing a successful economy for Maidstone Borough</li> </ul> <p>The aim is to ensure that meetings of the Council and Committees are scheduled to consider business regarding the above priorities.</p>
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<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Council	1 March 2017

# Calendar of Meetings 2017/18

## **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 To approve the Calendar of Meetings for 2017/18.
- 

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The proposed Calendar of Meetings for 2017/18 is attached as Appendix A. It sets out the proposed dates for meetings of the Council and Service, Regulatory and other Committees within the Committee structure.
- 2.2 It is proposed to hold the Annual Meeting of the Council on Saturday 20 May 2017, followed by the Civic Parade.
- 2.3 It is proposed to hold snap meetings of all Committees except the Joint Transportation Board on 23 May 2017. The purpose of these meetings is to elect the Chairman and Vice-Chairman for each Committee other than the Chairman of the Policy and Resources Committee who will be elected at the Annual Meeting of the Council.
- 2.4 With the exception of the proposed meeting of the Planning Committee there will be no other meetings during August.
- 2.5 Extraordinary meetings of the Council can be called if necessary.
- 

## **3. AVAILABLE OPTIONS**

- 3.1 The Council could amend the proposed Calendar of Meetings, but the dates are in line with the usual pattern of meetings based on the current Committee structure.
- 

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

- 4.1 That the Calendar of Meetings for 2017/18 be approved. Setting the dates for future meetings of the Council and Committees enables advance notice to be given to the public and internal timetables and work programmes to be organised.
- 

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

- 5.1 The Calendar of Meetings, once approved, will be published on the Council's website.
-

## 6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The aim is to ensure that meetings of the Council and Committees are scheduled to consider business regarding the Council's priorities.	Head of Policy and Communications
<b>Risk Management</b>	N/A	
<b>Financial</b>	No financial implications	Section 151 Officer & Finance Team
<b>Staffing</b>	N/A	
<b>Legal</b>	No implications	Interim Head of Legal Partnership
<b>Equality Impact Needs Assessment</b>	None identified	Policy & Information Manager
<b>Environmental/Sustainable Development</b>	N/A	
<b>Community Safety</b>	N/A	
<b>Human Rights Act</b>	N/A	
<b>Procurement</b>	N/A	
<b>Asset Management</b>	N/A	

## 7. REPORT APPENDICES

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

- Appendix A: Calendar of Meetings 2017/18

## 8. BACKGROUND PAPERS

None.

## **APPENDIX A - CALENDAR OF MEETINGS 2017/18**

SPS&T = Strategic Planning, Sustainability & Transport / CHE = Communities, Housing & Environment / HCL = Heritage, Culture & Leisure / JTB = Joint Transportation Board / QORWKR = Queen's Own Royal West Kent Regiment Museum Trust

	MAY 2017	JUNE	JUL	AUG	SEPT	OCT	NOV	DEC	JAN 2018	FEB	MAR	APR 2018
Council (Wed)	20 AGM (Sat)		19		20			6		28		11
Policy & Resources (Wed)	23 (Tue)	28	25 (Tue)		27	25	22	13	24	14	28	25
Planning (Thurs)	23(Tue) / 25	15	6 / 27	17	28	19	9 / 30	19 (Tue)	11	1 / 22	15	5 / 26
Adjourned Planning (Thurs)		1 / 22	13	3 / 24	14	5 / 26	16	7	18	8	1 / 22	12 / 30 (Mon)
Licensing (Thurs)	23 (Tue)	8			21		23		25		29	
SPS&T (Tue)	23	13	11		12	10	7	5	9	6	13	10
CHE (Tue)	23	20	18		19	17	14	12	16	13	20	17
HCL (Tue)	23	6	4		5	3 / 31	28	18 (Mon)	30		6	3
JTB (Wed)			12			18			17			18
Audit, Governance & Standards (Mon)	23 (Tue)	26			18		20		15		19	
Democracy Committee (Wed)	23 (Tue)		3 (Mon)		6		15		10		14	
Employment Committee (Thurs)	23 (Tue)		6							15		
QORWKR (Tue)	23		11						16			
Cobtree (Thurs)	23 (Tue)		20		21		23		25		29	