

# AGENDA

## POLICY AND RESOURCES COMMITTEE MEETING



Date: Wednesday 23 November 2016

Time: 6.30 p.m.

Venue: Town Hall, High Street,  
Maidstone

Membership:

Councillors Mrs Blackmore (Vice-Chairman),  
Boughton, Brice, Cox, Fermor,  
Garland, Mrs Gooch, Harper, Harvey,  
Harwood, McLoughlin, Pickett, Powell,  
Round and Mrs Wilson (Chairman)

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Page No.

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

**Continued Over/:**

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**Issued on Tuesday 15 November 2016**

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

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

5.	Disclosures by Members and Officers	
6.	Disclosures of Lobbying	
7.	To consider whether any items should be taken in private because of the possible disclosure of exempt information.	
8.	Minutes of the Meeting Held on 26 October 2016	1 - 9
9.	Presentation of Petitions (if any)	
10.	Questions and answer session for members of the public (if any)	
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16.	Report of the Director of Regeneration and Place - Review of the Maidstone Borough Council Commercialisation Strategy 2014/15 - 2018/19	157 - 191

### **PUBLIC SPEAKING**

In order to book a slot to speak at this meeting of the Policy and Resources Committee, please contact Caroline Matthews on 01622 602743 or by email on [carolinematthews@maidstone.gov.uk](mailto:carolinematthews@maidstone.gov.uk) by 5 pm one clear working day before the meeting. If asking a question, you will need to provide the full text in writing. If making a statement, you will need to tell us which agenda item you wish to speak on. Please note that slots will be allocated on a first come, first served basis.

## **MAIDSTONE BOROUGH COUNCIL**

### **POLICY AND RESOURCES COMMITTEE**

#### **MINUTES OF THE MEETING HELD ON WEDNESDAY** **26 OCTOBER 2016**

**Present:** Councillor Mrs Wilson (Chairman), and  
Councillors Mrs Blackmore, Boughton, Brice, Cox,  
English, Fermor, Garland, Mrs Gooch, Harper, Harvey,  
McLoughlin, Pickett and Mrs Ring

**Also Present:** Councillors M Burton, Lewins and  
D Mortimer and Newton

94. **APOLOGIES FOR ABSENCE**

It was noted that apologies for absence had been received from  
Councillors Harwood, Powell and Round.

95. **NOTIFICATION OF SUBSTITUTE MEMBERS**

The following Substitute Members were noted:

Councillor English for Councillor Harwood  
Councillor Mrs Ring for Councillor Round

96. **URGENT ITEMS**

The Chairman advised that there were no urgent items. However, it was understood that the Kent Association of Local Councils had sent an email to all Committee Members of Policy and Resources Committee regarding the precept. It was noted that although it was not considered an urgent item, it could be included in the round of discussions on the budget. The Director of Finance and Business Improvement was asked to circulate a copy of the email to all the Substitute Members of the Committee for completeness.

97. **NOTIFICATION OF VISITING MEMBERS**

It was noted that Councillors Lewins, D Mortimer and Newton indicated their wish to speak on Agenda Item 12 – Councillor Referral from Heritage, Culture and Leisure Committee.

Councillor M Burton advised that he was just observing the meeting.

98. DISCLOSURES BY MEMBERS AND OFFICERS

Councillor Harper disclosed an interest in Agenda Item 14 – Disposal of Land at Unicomes Lane, Fant as he was a Trustee of the Wildlife Trust. He advised that he would leave the room when this item was discussed.

There were no other disclosures by Members and Officers.

99. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

100. EXEMPT ITEMS

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

101. MINUTES OF THE MEETING HELD ON 28 SEPTEMBER 2016

**RESOLVED:** That the Minutes of the meeting held on 28 September 2016 be approved as a correct record subject to the following amendments being made:-

Minute 88 – Report of the Chief Executive – Enhanced Inter-Tier Working and Devolution

The word 'bank' in bullet point 5 on Page 5 should be changed to 'balance';

Page 7, the sentence 'Councillors Mrs Blackmore, Boughton, Brice and Round asked that their general dissent be recorded' should be amended to 'Councillors Mrs Blackmore, Brice and Round asked that their dissent should be recorded in regard to Recommendations 3, 5 and 6 only.

102. PRESENTATION OF PETITIONS (IF ANY)

There were no petitions.

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

There were no questions from members of the public.

104. COMMITTEE WORK PROGRAMME

Members considered the Committee Work Programme.

The Chairman advised that in terms of devolution no further meetings had taken place with Leaders and Chief Executives since the last meeting of the Committee so there was nothing further to report.

The Director of Finance and Business Improvement advised that he proposed to put an item on the agenda for January on the Flood

Prevention Measures as information would not be available for the Committee to consider until then.

105. COUNCILLOR REFERRAL FROM HERITAGE, CULTURE AND LEISURE COMMITTEE

Members considered the Councillor Referral from Heritage, Culture and Leisure Committee.

The Chairman set out the procedure for the Referral.

The Chairman advised that she had not agreed to take the Referral on the basis of the decision made, but having watched the webcast she did not feel that Members had been given all the information they required on the night, and that some of the questions Members asked were not answered which may or may not have affected the decision.

Councillor Rachel Gray from Otham Parish Council was asked to read out her statement. The comments made included:

- That the open space was used regularly by local residents walking their dogs and also for geo caching.
- If the strip of land was removed there would be nothing but a wide road between the playing field and Imperial Park homes. In essence Senacre and Imperial Park would coalesce.
- Gore Court Road is wide enough for 2 cars to pass each other safely.

Councillor Bill Greenhead from Downswood Parish Council read out his statement. The comments made included:-

- The facility is used by dog walkers and others wanting to exercise and was surrounded by an ancient hedgerow.
- Gore Court Road and Church Road would become dangerous for cyclists to use as the roads would be used by drivers trying to escape the gridlock of Sutton Road and Willington Street.

Councillor Gooch addressed the Committee as a signatory of the Referral. Her comments included:-

- That the strip of land was only 0.4 hectares and had no strategic value to the Council.
- The existing fence and hedgerow would be replaced like for like and be a condition of the disposal.
- That the loss of the land would be compensated by the provision of at least 5.8 hectares of open space and in addition the disposal

would generate a capital receipt.

- The Planning Officer had advised Members that the Arboricultural Officer did not consider that the hedgerow met the necessary criteria under the Hedgerows Regulations 1997.
- At the meeting the recommendations were put to the vote without any summing up of the pros and cons, without any discussion or presentation of the wider implications of the proposal and without any further reference to the information contained in the main body of the report.
- Specifically referring to paragraph 7 of the original report Councillor Mrs Gooch felt that the cross cutting issues and implications had not been adequately presented to Members and as a consequence not adequately considered. She emphasised that these were important elements in reaching a decision, hence the importance of referring this item to this Committee for reconsideration.

Councillor D Mortimer then set out the reasons why he had also been a signatory for the Referral:-

- He was concerned about the lack of information and detail being presented and did not feel the item received the debate it deserved.
- There was much emphasis on the previously approved planning application and local plan and little debate about the actual disposal of the land. He therefore felt that Members were going down the planning route rather than considering the actual recommendation on the papers.
- The actual issue for making the land surplus was not discussed but Members dwelled on the negative elements, rather than the major benefits of the new open space being proposed.

Councillor Lewins, also a signatory of the Referral, stated that she echoed the comments made by her fellow Councillors and felt that this was a very small slither of land and the loss of which would not be harmful to the community.

Councillor Newton, attending as a Visiting Member, addressed the Committee, he advised that in his opinion the item was thoroughly discussed by Members of the Heritage, Culture and Leisure Committee and that the Planning Officer had given Members a lot of information about the planning history to assist with the debate.

He advised that if the hedgerow was removed, it would take time to re-establish the presence of wildlife.

In the ensuing discussion, comments made by Members included:-

- The issue was whether the quality of land to be provided was adequate and how quickly the new fence and hedgerow could be planted and erected
- That alternative proposals should be sought to offset the ecological impact of the loss of this land
- Could the hedgerow be put in place before the old one is removed?
- Could football still be played on the new open space as it was on the old site prior to 2013?

In response to comments made by Members, the Planning Officer advised that:-

- The hedgerow and fence could be provided before the existing ones are removed to help with the re-establishment of wildlife
- A development agreement could be put in place to ensure that the new open space is managed in an ecologically bio-diverse way
- A football pitch could still be set up on the remaining open space
- Certain caveats could be included for when the land comes back to this Committee for disposal

**RESOLVED:** That the officer's original recommendations to the Heritage, Culture and Leisure Committee be agreed as follows:-

- 1) That the open space strip of land with a total area of 414 square metres to the west of Gore Court Road, outlined in red on the plan attached as Appendix I to the Referral be declared surplus; and
- 2) That authority be given to the placing of a Public Notice pursuant to Section 123 of the Local Government Act 1972.

Voting: For: 11 Against: 1 Abstentions: 2

106. REPORT OF THE DIRECTOR OF MID KENT SERVICES - COUNCIL TAX REDUCTION SCHEME 2017/2018

The Committee considered the report of the Director of Mid Kent Services relating to the Council Tax Reduction Scheme 2017/18.

Members were advised that in 2013 funding had changed when the scheme was localised. The position had changed in that the cost of the support had been met in full by the Department of Works and Pensions to a partly funded scheme where the cost was met through the revenue support grant which had seen year on year reductions and would be fully withdrawn from April 2017.

It was noted that the full cost of the scheme was £8.8m and would be met locally by the Council, Kent County Council and other preceptors. The cost to this Council would be around £1.3m.

Members noted that the changes outlined in the report were designed to help balance the cost of the scheme in view of the reduction in funding to ensure that we can provide support for those most in need whilst recognising the needs of the wider council tax payer who now meets the cost.

In June this year the Committee were asked to consider a wide range of options on how the scheme could be reformed. It was agreed that the Council should look to retain the current structure of the scheme and undertake a public consultation on the potential changes.

The consultation, which ran from 1 July to 24 August 2016, was completed predominantly on-line with details being sent to approximately 9,000 residents, as well as being publicised through the Gateway and other local stakeholders. The response was very positive, with a total of 1,471 people responding to the questionnaire, over 300 of which were from households in receipt of the Council Tax reduction.

The results of the consultation showed that residents valued the Council Tax Reduction Scheme and would like to see it continue but not at the cost to other services or an increase to council tax. The results therefore endorsed the Council's broader approach to retaining the scheme.

In response to questions raised by Members, the Director of Mid Kent Services advised that:-

- The average impact figure quoted in the report was a weekly figure
- Option 5 – there was no data available for this option so it could not be identified how many this would affect.
- Option 11 – This was to be removed anyway.
- All the figures had been rounded.

In the ensuing discussion Members raised a number of issues which included:-

- The figures were erroneous, could the actual figures be made available?
- What impact would it have on the average person/family and the impact on those who would be affected by more than one option?
- How are other authorities administering this?

In the light of the comments made Councillor Mrs Wilson proposed and Councillor Mrs Ring seconded that the report be deferred to enable the



Officer to come back with a revised report that addressed all the points raised in the debate, including:-

- Clarity needs to be given in terms of the figures
- What would the cumulative impact of the changes proposed be
- What would the practical impact of these changes be on individuals and whether there should be changes made in the light of the comments made by Members during the discussions
- What would the knock on effect be on the costs that the Council may have elsewhere, i.e. homelessness
- Can comparisons be given in relation to how other local authorities are administering the scheme

**RESOLVED:** That the report be deferred to enable the Officer to come back with a revised report addressing the comments made during the debate.

For: 14 Against: 0 Abstentions: 0

107. REPORT OF THE DIRECTOR OF FINANCE AND BUSINESS IMPROVEMENT - DISPOSAL OF LAND AT UNICUMES LANE, FANT WILDLIFE

The Committee considered the report of the Director of Finance and Business Improvement in regard to the disposal of land at Unicumes Lane, Fant.

Councillor Harper, having declared an interest as he was a Trustee of the Fant Wildlife Group, left the meeting for this item.

Members were advised that the Council owned an area of open space off Unicumes Lane in Fant, known as the Fant Wildlife Area, and had been working with a local volunteer group to manage it. It was noted that the Heritage, Culture and Leisure Committee had declared it surplus at their meeting on 3<sup>rd</sup> November 2015.

Members were advised that the volunteers of the Fant Wildlife Group had expressed a wish to take over the management and lease the site from the Council. It was noted that this would now require a disposal of the land on a leasehold basis.

In response to Members' enquiries, the Property Officer advised as follows:-

- That there was no particular reason why there had been a delay between declaring it surplus and the disposal
- The Wildlife Group had specifically asked for leasehold

**RESOLVED:** That the disposal of the open space land outlined in red on the plan attached to the report of the Director of Finance and Business Improvement be agreed.

Voting: For: 13 Against: 0 Abstentions: 0

Councillor Harper re-entered the room after the voting had taken place.

108. REPORT OF THE HEAD OF POLICY AND COMMUNICATIONS -  
COMMUNICATION AND ENGAGEMENT STRATEGY, ACTION PLAN 2016-17

Members considered the report of the Head of Policy and Communications in regard to the Communication and Engagement Strategy 2016-20.

The Head of Policy and Communications advised Members that the new Communications Team had put together the Strategy which set out how we all communicate and engage.

Members suggested some changes to the strategy which it was agreed would be incorporated, these were as follows:-

Page 3 – First paragraph, first sentence – should read: The effectiveness of how our vision is perceived is determined to a significant extent by the quality of our communications and engagement.

Page 4 – Title changed to; Vision, Mission and Values

Under Responsibility: The first sentence should read: We work in an environment that encourages us to take ownership for our actions.

Page 5 – Second paragraph, second sentence should read: We must adapt and rise to the challenge of prioritising our finite resources to support the delivery of the council's priority outcomes.

Page 7 – Councillors' Role – first sentence should read: Councillors in their role as elected representatives engage with residents, groups and business on a wide range of issues.

Page 11 – Second paragraph, delete all words after Council.

Page 16 – Under Objective – People from different backgrounds get on well together – first box – delete the words 'such as the Mela'.

In response to questions raised by Members, the Head of Policy and Communications responded as follows:-

- The Communication and Engagement Strategy is aimed at everyone, to highlight the responsibilities of Councillors and Employees
- The Council's Digital Team would be taking over the administration of the intranet pages. Members were asked for their feedback on

what information they would like to see on the pages.

- The Strategy was prepared by the Communications Team following meetings with Members and feedback from the Residents Survey.
- A lot of the actions would be undertaken by the Council's own resources.
- A Sounding Board would be set up with Member involvement.

**RESOLVED:**

- 1) That the Communication and Engagement Strategy 2016-2020, as attached at Appendix A to the report of the Head of Policy and Communications, be approved subject to the amendments suggested by Members being incorporated; and
- 2) That the update on the 2015-16 Communication and Engagement Strategy Action Plan, as attached at Appendix B to the report of the Head of Policy and Communications, be noted.

Voting: For: 14 Against: 0 Abstentions: 0

109. **REPORT OF THE DEPUTY HEAD OF AUDIT PARTNERSHIP - RISK MANAGEMENT UPDATE**

The Committee considered the report of the Deputy Head of Audit Partnership which provided updates on the Council's risk management arrangements and an extract from the key risks identified on the risk register.

It included a summary of the corporate risks and the highest scored risks on the comprehensive risk register. The report included information on the mitigations and key controls against each risk.

Members noted the next stage to formulate a risk appetite statement and to update the corporate level risks to include re-assessment and further key controls to be updated.

Members were informed of a risk management briefing being held before the next Audit Committee meeting on 21<sup>st</sup> November. The briefing would be open to all Members.

**RESOLVED:** That the key risks facing the Council and the measures in place for their management be noted.

Voting: For: 14 Against: 0 Abstentions: 0

110. **DURATION OF THE MEETING**

6.30 p.m. to 10 p.m.

**POLICY AND RESOURCES COMMITTEE WORK PROGRAMME**

Report Title	Date
Disposal of Surrenden Field	14-Dec-16
Disposal of Gore Court Road	14-Dec-16
Medium Term Financial Strategy and Budget Proposals 2017/18	14-Dec-16
Town Centre Investment & Development Plan Policy	14-Dec-16
Strategic Plan 2015-2020 Refresh	14-Dec-16
MTFS - Fees and Charges	18-Jan-17
Medium Term Financial Strategy Update	18-Jan-17
Medium Term Financial Strategy - Capital Programme	18-Jan-17
Flood Prevention Measures	18-Jan-17
Strategic Plan Performance Update Quarter 3	15-Feb-17
Third Quarter Budget Monitoring	15-Feb-17
Bi-Annual Risk Register	15-Feb-17
Strategic Plan 2015-2020	15-Feb-17
Review of the Fraud Investigation Team	29-Mar-17
Irrecoverable Business Rates	29-Mar-17
Equality Objectives Annual Report	26-Apr-17
Workforce Strategy	Jun-17
Health and Safety Strategy	Jun-17
Council Tax Tax Base and Collection Fund Adjustments	Nov-17
Projected Collection Fund Adjustment Account	Dec-17
Business Terrace - operation and financial update	Dec-17
Property Acquisition - Commercial	TBC
Fourth Quarter Budget Monitoring	TBC

Strategic Plan Performance Update Quarter 4	TBC
Economic Development Strategy Update	TBC
Brunswick Street Redevelopment	TBC
Union Street Redevelopment	TBC
Maidstone East Redevelopment	TBC
Development of the Mall including Bus station	TBC

# Agenda Item 12

## **POLICY AND RESOURCES COMMITTEE**

**23<sup>rd</sup> NOVEMBER  
2016**

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

**Yes**

### **Second Quarter Budget Monitoring 2016/17**

<b>Final Decision-Maker</b>	Policy and Resources Committee
<b>Lead Head of Service</b>	Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet Chief Accountant
<b>Classification</b>	Public
<b>Wards affected</b>	All

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

That the committee:

1. Notes the revenue position at the end of the second quarter and the actions being taken or proposed to improve the position where significant variances have been identified, as set out in table 1, paragraph 2.8;
2. Approves the proposed slippage in the capital programme of £1,417,894 into 2017/18 as detailed in paragraph 2.13;
3. Notes the performance of the collection fund and the estimated level of balances at the year end; and
4. Notes the performance in relation to the treasury management strategy for the second quarter of 2016/17.

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

The budget is a statement, in financial terms, of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan. The issues raised in this report identify areas where financial performance is at variance with priority outcomes.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	23 November 2016

## Second Quarter Budget Monitoring 2016/17

### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides the committee with an overview of the capital and revenue budget and outturn for the second quarter of 2016/17, and highlights other financial matters which may have a material impact on the medium term financial strategy or the balance sheet.
  - 1.2 The first section of the report presents the revenue information specific to this committee's services, and the remainder of the report provides an update on strategic and cross-cutting issues since both aspects fall into the remit of this committee.
  - 1.3 Based on the information available to date, the year-end forecast for the revenue budget is an adverse variance of £445,000. The actions being taken to address this overspend and individual variances within each service committee are set out later in the report at paragraph 2.8.
  - 1.4 The capital spending at the quarter ending 30 September 2016 totals £4,409,536 from the annual budget of £16,618,040, which includes an adjustment for slippage previously agreed by this committee.
- 

### 2. INTRODUCTION AND BACKGROUND

- 2.1 The Director of Finance & Business Improvement is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. However in practice day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section.
- 2.2 The medium term financial strategy for 2016/17 onwards was agreed by full Council on 2 March 2016. This report advises and updates the committee on the current position with regards to both revenue and capital expenditure against the approved budgets, and also includes sections on Collection Fund performance and Treasury Management performance.

#### Second Quarter Results and 2016/17 Forecast – Revenue

- 2.3 Attached at Appendix I is a table detailing the current budget and expenditure position in relation to the second quarter of 2016/17, to September 2016. The appendix details net budget per cost centre for this Committee. Actual expenditure is shown to the end of September 2016 and includes accruals for goods and services received but not yet paid for.
- 2.4 The columns of the table in the Appendix show the following detail:
  - a) The cost centre description;
  - b) The value of the total budget for the year;

- c) The amount of the budget expected to be spent by the end of September 2016;
- d) The actual spend to that date;
- e) The variance between expected and actual spend;
- f) The forecast spend to year end; and
- g) The expected significant variances at 31 March 2017.

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

Table 1: by Committee;  
 Table 2: by Priority;  
 Table 3: by Expenditure Type.

2.6 Appendix I shows that of an annual budget of £19,428,410 there was an expectation that £7,825,130 would be spent in the first half of the year. At this point in time the budget is reporting an underspend of £405,058. An overspend of £445,000 is projected at present for the year as a whole.

2.7 Explanations for variances within individual cost centres which exceed or are expected to exceed £30,000 have been provided in accordance with the council's constitution.

2.8 Each Committee has considered the major adverse and positive variances reported within their service areas. In each case they have chosen to either: develop plans to act further in resolving the issue; or to continue to monitor the position and act if necessary at a later date. The variances identified to date and year end forecast variances are set out in summary below:

	<b>Positive Variance Q2 £000</b>	<b>Adverse Variance Q2 £000</b>	<b>Year end Forecast Variance £000</b>
<b>Policy and Resources Committee</b>			
<b>Commercial property</b> - A net positive variance of £55,000 is forecast for the year. Within this total, there are a number of rental issues and empty property rates which will be offset by rentals from new acquisitions and one-off additional income from units located at Parkwood Industrial Estate.	14		55
<b>Investment Income / Audit Fee</b> – As detailed later in this report, investment returns have continued to be low and the position is not expected to improve before year end. It is hoped that this will be partially offset by the underspend against the audit fee.		-29	-25
<b>Pensions backfunding</b> – there is a £60,000 shortfall against pensions		-31	-60



backfunding.			
<b>Gateway</b> – The variance relates to loss of income from KCC vacating the Gateway at the end of September. The new tenant is due to move into the Gateway in February following completion of the refit, so this will not present a problem in future years.		-5	-100
<b>Policy and Resources total</b>			<b>-130</b>
<b>Heritage, Culture &amp; Leisure Committee</b>			
<b>Mote Park Café</b> – This variance has arisen due to higher than budgeted agency costs and lower than expected income. The staffing structure has now been finalised, which will see reduced reliance on agency staff for the remainder of the year. Finance staff are working closely with the budget holders to monitor income and expenditure for the remaining part of the year.		-87	-125
<b>Crematorium</b> – This service is currently generating income above budget due to increased memorial sales.	73		100
<b>Heritage, Culture &amp; Leisure Total</b>			<b>-25</b>
<b>Strategic Planning, Sustainability and Transport Committee</b>			
<b>Pay &amp; Display Car Parks</b> –Lockmeadow and King Street car parks have significantly outperformed against their income targets, despite the increased income budgets which were set for 2016/17. This trend is expected to continue through to the end of 2016/17. It should be noted that the forecast incorporates a shortfall of £50,000 for Mote Park car park. This has been offset against the overall underspend in the forecast outturn.	174		300
<b>On-Street Parking</b> – the surplus position in this area is expected to be maintained through to the year end. It should be noted that this surplus is ring-fenced.	29		60
<b>Development Management</b> – there is an overspend on staff costs including agency staff which is not being met by current income levels. The Head of Service is aware of the problem and is exploring options for addressing the issue.		-187	-300
<b>Building regulations</b> – income is	39		50

currently above budget in this area, and the underspend is expected to continue through to the end of the year. It should be noted that this service is required to break even on a rolling three year basis.			
<b>Strategic Planning, Sustainability and Transport Total</b>			<b>110</b>
<b>Communities, Housing and Environment Committee</b>			
<b>Street cleansing</b> – An overspend of £60,000 is anticipated due to a previously agreed saving which will not be delivered this year.		-46	-60
<b>Household waste collection</b> – The variance relates to additional income from wheeled bins and bulky domestic collections.	38		40
<b>Recycling collection</b> – The variance relates to additional income from green waste bin hire.	28		50
<b>Grounds maintenance</b> – This service is currently generating additional income from external work.	27		30
<b>Depot services section</b> – An underspend is anticipated due to vacant posts within the section.	27		40
<b>Temporary Accommodation</b> – The level of demand for this service has continued to increase. A number of actions have been taken in recent years to reduce the cost of providing temporary accommodation, and further options are being considered as part of the temporary accommodation strategy.		-261	-500
<b>Communities, Housing and Environment Total</b>			<b>-400</b>
<b>GRAND TOTAL</b>			<b>-445</b>

*Table 1: Summary of significant variances by committee*

2.9 The overall forecast for the council at the end of the second quarter is an increase in the overspend projected at the end of the first quarter, despite planned actions to address this. Increased control in the following areas of spending have therefore been introduced across the council with immediate effect in order to improve the current position:

1. Recruitment;
2. Temporary staff;
3. Discretionary spending; and
4. Contractual commitments.

2.10 Finance officers are also working closely with budget managers in order to address the forecast overspend and return to a balanced position by the year end.

2.11 In accordance with best practice, virements are reported to this committee as part of quarterly budget monitoring. A virement represents the transfer of a budget between objectives that occurs subsequent to the formal approval of the budget by Council. The following reportable virements were made during the second quarter of 2016/17:

<b>Reason</b>	<b>Value £</b>	<b>Temp/Perm*</b>
Pre-delivered savings from the Customer Services restructure.	15,500	Permanent
Business rates growth funding for public realm design (approved by Cabinet on 12 November 2014) transferred from earmarked reserve.	10,000	Temporary

*Table 2: Reportable virements*

\* Temporary virements represent one-off budget transfers to fund a discrete project or purchase. Permanent virements reflect alterations to the base budget which will be carried forward into subsequent years.

#### Strategic Level Capital Programme 2016/17

2.12 The capital programme was approved by Council on 2 March 2016. Funding for the programme remains consistent with previous decisions of Council in that the majority of resources come from New Homes Bonus along with a small grants budget and a small number of capital receipts from asset sales. Previous decisions of Council, Cabinet and this committee have focused the use of New Homes Bonus on infrastructure projects where these are required by the infrastructure delivery plan that forms part of the Local Plan.

2.13 The current programme is set out in Appendix II and shows the approved budget and actual expenditure to date. The Appendix details the profile of expenditure that is forecast for the remainder of the year and identifies £1,417,894 that will require carry forward approval into 2017/18. The major schemes that have incurred slippage relate to planned investment in property and play areas. The committee is asked to approve the slippage at this stage.

2.14 The Council has the necessary resources to manage the programme in 2016/17, with the majority of funding coming from New Homes Bonus. There are a small number of minor asset sales and government grant in relation to disabled facilities grants also funding the programme.

#### Reserves and Balances

2.15 The total of reserves and balances as at 1st April 2016 was £14.3m. The current medium term financial strategy assumes balances and earmarked reserves totalling £6.7m by 31st March 2017.

2.16 The below table summarises the activity which has impacted on reserves during the second quarter of the year, and the forecast position as at 31<sup>st</sup> March 2017:

	<b>£m</b>
Opening balance	14.30
Capital funding to 30 September 2016	-4.41
Planning support – establishment of 2-way shared service	-0.07
Parks strategy - salaries	-0.04
Balance as at 30 September 2016	9.78

*Table 3: Balances at 30 September 2016*

2.17 The position set out above allows for the minimum level of general balances of £2.3m, as agreed by Council in March 2016, to be maintained.

#### Collection Fund

2.18 Due to the risks that surround the local council tax discount scheme and the pooling arrangements in place for business rates growth, the Council monitors the collection fund carefully. This will become increasingly important in the later years of the current medium term financial strategy as the council will become increasingly reliant on the income it raises through council tax and business rates.

2.19 The collection rates achieved during the second quarter, and the targets set, are reported below. The rates are given as a percentage of the debt targetted for collection in 2016/17:

	<b>Target %</b>	<b>Actual %</b>	<b>Amount collected</b>
Council Tax	57.85	57.10	£54,625,957
Business Rates	57.82	56.83	£34,957,181

*Table 5 : Collection Rates for Council Tax and Business Rates to September 2016*

2.20 The targets for the quarter have been missed by a small amount in percentage terms. However, while the percentage variances are small, the gross values of Council Tax and Business Rates collected each year are significant. Out of the total collectible debt for the year, these sums equate to £407,000 for Council Tax and £346,000 for Business Rates.

2.21 The Head of the Revenues and Benefits Partnership follows a recovery timetable and action will be taken before year end to attempt to bring the collection rate back to target. Officers will continue to pursue payment of any developing arrears along with the arrears from prior years.

2.22 Income from retained business rates growth is currently higher than forecast, as detailed in the table below:

		£m	
(a)	Growth against baseline	2.90	
(b)	Maidstone BC share of growth	1.45	(a)*50%
(c)	Levy payable at 50% rate	1.45	(a)*50%
(d)	Actual levy payable at 9.351%	0.27	(a)*9.351%
(e)	Pool benefit	1.18	(c) - (d)
	MBC share of pool benefit	0.35	(e)*30%
	KCC share of pool benefit	0.35	(e)*30%
	Growth fund share of pool benefit	0.35	(e)*30%
	Contingency	0.12	(e)*10%

*Table 6: Business rates growth*

2.23 The current benefit from membership in the Kent Business Rates Pool is £1.18m, which represents the difference between the levy of 50% which would have been payable on business rates growth if the council were not part of the pool, compared with the 9.351% payable as a pool member. It should be noted that £0.12m of the retained levy will be set aside as contingency.

2.24 As agreed previously the 30% share of the pool benefit will be used to fund the delivery of the Economic Development Strategy, alongside the 30% growth fund share which is spent in consultation with KCC.

2.25 It should be noted that the above figures are forecasts only. This is a highly volatile area and there is a significant degree of risk of fluctuations in the rates base arising from appeals and other factors. This is therefore being carefully monitored in collaboration with pool members throughout the year.

#### Treasury Management

2.26 The Council has adopted and incorporated into its Financial Regulations, the CIPFA Code of Practice on Treasury Management in Local Authorities. This Code covers the principles and guidelines relating to borrowing and investment operations. In March 2016, the Council approved a Treasury Management Strategy for 2016/17 that was based on this code. The strategy requires that this committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

2.27 During the Quarter ended 30th September 2016:

- After the UK voted to leave the EU, the bank rate was cut by Monetary Policy Committee (MPC) by 0.25% and further Quantative Easing (QE) was introduced to assist with banks so as to maintain the supply of credit to the economy.
- The economy has grown 0.7% quarter on quarter compared to 0.4% in the first quarter of 2016/17. However, future growth forecasts have been downgraded from the levels previously reported.

- Inflation is expected to pick up due to a rise in import prices, dampening real wage growth and real investment returns. The August quarterly Inflation Report from the Bank of England forecasts a rise in CPI to 0.9% by the end of 2016 and to rise closer to the Bank's 2% target over the coming year.

Below is a table which shows the Bank of England Base Rate and the PWLB Rates for the first 6 months of 2016/17.

	<b>Bank of England Base Rate</b>	<b>PWLB Borrowing Rates – Fixed Rate, Maturity Loans (Standard Rate)</b>					
<b>Date</b>		<b>4½-5 yrs</b>	<b>9½-10 yrs</b>	<b>19½-20 yrs</b>	<b>29½-30 yrs</b>	<b>39½-40 yrs</b>	<b>49½-50 yrs</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>01/4/2016</b>	0.50	1.50	1.86	2.54	2.99	3.25	3.34
<b>30/4/2016</b>	0.50	1.59	1.99	2.68	3.11	3.34	3.42
<b>31/5/2016</b>	0.50	1.58	1.97	2.58	2.99	3.23	3.30
<b>30/6/2016</b>	0.50	1.24	1.51	2.11	2.55	2.79	2.86
<b>31/7/2016</b>	0.50	1.13	1.34	1.87	2.31	2.58	2.67
<b>31/8/2016</b>	0.25	1.12	1.25	1.67	2.02	2.23	2.31
<b>30/9/2016</b>	0.25	1.05	1.22	1.72	2.13	2.36	2.44

*Table 7: PWLB borrowing rates to September 2016*

2.28 PWLB rates, around the time of the Referendum on 23rd June 2016, had reduced slightly due to the uncertainty around the result, however post Referendum, the 50 year rate has fallen further from 2.86% to 2.31% by the end of August. Rates have started to pick up slightly towards the end of the quarter but are likely to remain low for the foreseeable future.

2.29 At this point in time, it is unwise for the Council to borrow ahead of need due to the cost of carry, counterparty risk and current forecasts indicating that rates are expected to remain low for the foreseeable future.

#### Current Investments as at 30 September 2016

2.30 The council held investments totalling £25.25m. A full list of investments held is provided at Appendix III. All investments are held in short term instruments (less than one year), with £11.25m available to be recalled instantly if required. Investment income for this period is £106,000 against a budget of £135,000 and the average interest rate was 0.77%.

2.31 Given the recent reduction in the Bank of England base rate, it is possible that investment income will fall below budget by year end. In this event, any shortfall will be offset by surpluses elsewhere in the portfolio of this committee, for example, it is anticipated that there will be an underspend on the audit fee.

## Borrowing

- 2.32 As at 30 September 2016, no requirement for short or long term borrowing had arisen.
- 

### **3 AVAILABLE OPTIONS**

- 3.1 In considering the strategic position on the revenue budget at the end of September 2016 the committee has been provided with details of the actions each service committee plans to take on significant variances. The committee can chose to note those actions and reconsider the outcomes at the end of the second quarter or it could chose to take further action.
- 3.2 The capital programme is reporting slippage of £1,417,894 and expenditure of £4,409,536. Details of the programmes where major slippage occurs have been detailed at paragraph 2.13. The committee could agree the slippage as proposed or take and alternative action such as removal of the budget or transfer of the budget to other schemes. If such alternative action is taken the councillors should be aware that the medium term financial strategy sets a hierarchy of priorities for the capital programme and any alternative scheme should be the highest priority unfunded scheme currently proposed.
- 3.3 Details of the performance of the collection fund and the level of available balances are both as expected and the committee need only note this information at this time.
- 3.4 Treasury Management is for information only as the Audit, Governance & Standards Committee takes responsibility for considering changes that may be required, for reference on to Council. The committee could make reference to the Audit, Governance and Standards Committee of any issues that it may wish to be considered at a future meeting.
- 

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

- 4.1 The committee is requested to note the content of the report and approve the proposed slippage in the capital programme to enable more accurate monitoring of the programme in future periods.
- 

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

- 5.1 The second quarter's budget monitoring report has been considered by each of the other three service committees the key issues and their consideration is set out in table 1 at paragraph 2.8.
- 5.2 This report will not lead to further consultation.

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

- 6.1 The second quarter's budget monitoring report will be considered by the service committees in November 2016, culminating in a full report to this committee.
- 6.2 There are no significant issues arising from this report that require action from this committee. The success of actions by the other service committees to manage the pressures in their budgets will be regularly reported to this committee through later versions of this report.
- 

## **7 CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	This report monitors actual activity against the revenue and capital budgets and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's medium term financial strategy which is linked to the strategic plan and corporate priorities.	Director of Finance & Business Improvement
<b>Risk Management</b>	<p>The Council has produced a balanced budget for both capital and revenue expenditure and income for 2016/17 This budget is set against a backdrop of limited resources and an difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this committee the best opportunity to take actions to mitigate such risks.</p> <p>The issues set out in this report do not exhibit the level of potential risk identified in previous years.</p>	Director of Finance & Business Improvement



<b>Financial</b>	Financial implications are the focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.	Director of Finance & Business Improvement
<b>Staffing</b>	The budget for staffing represents approximately 50% of the direct spend of the council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.	Director of Finance & Business Improvement
<b>Legal</b>	The Council has a statutory obligation to maintain a balanced budget this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.	Interim Deputy Head of Legal Partnership
<b>Equality Impact Needs Assessment</b>	The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This monitoring report ensures that the budget is delivering services to meet those needs.	Director of Finance & Business Improvement
<b>Environmental/Sustainable Development</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Community Safety</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Human Rights Act</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Procurement</b>	No specific issues arise.	Director of Finance & Business Improvement

		Improvement
<b>Asset Management</b>	Resources available for asset management are contained within both revenue and capital budgets and do not represent a significant problem at this time.	Director of Finance & Business Improvement

## **8 REPORT APPENDICES**

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

- Appendix I: Second Quarter 2016/17 Revenue Monitoring – Strategic Level
- Appendix II: Second Quarter 2016/17 Capital Monitoring
- Appendix III: List of investments as at 30 September 2016

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## **9 BACKGROUND PAPERS**

None

## Policy & Resources Committee

### Second Quarter Budget Monitoring - Full Summary to September 2016

#### ANALYSIS BY COMMITTEE

Committee	Full Year Budget	To September 2016	Actual	Variance <sup>1</sup>	Year End Forecast	Year End Variance
Policy & Resources	10,700,860	3,451,040	3,075,660	375,380	10,830,860	-130,000
Strategic Planning, Sustainability & Transport	-738,780	-252,180	-273,432	21,252	-848,780	110,000
Communities, Housing & Environment	8,967,860	4,271,720	4,345,397	-73,677	9,367,860	-400,000
Heritage, Culture & Leisure	498,470	354,550	272,447	82,103	523,470	-25,000
	<b>19,428,410</b>	<b>7,825,130</b>	<b>7,420,072</b>	<b>405,058</b>	<b>19,873,410</b>	<b>-445,000</b>

Table 1

#### ANALYSIS BY PRIORITY

Priority	Full Year Budget	To September 2016	Actual	Variance <sup>1</sup>	Year End Forecast	Year End Variance
Character	852,720	458,630	434,991	23,639	852,720	0
Health & Wellbeing	1,904,690	1,240,990	1,221,792	19,198	2,418,690	-514,000
Clean & Safe	3,753,420	1,551,430	1,537,564	13,866	3,683,420	70,000
Leisure & Culture	1,532,040	847,590	805,235	42,355	1,657,040	-125,000
Town Centre	111,620	91,470	93,316	-1,846	111,620	0
Employment & Skills	284,150	137,030	132,787	4,243	284,150	0
Homes	1,127,490	608,810	780,782	-171,972	1,377,490	-250,000
Infrastructure	351,850	169,570	141,066	28,504	351,850	0
Trading	-3,948,770	-1,789,140	-2,007,318	218,178	-4,463,770	515,000
Central & Democratic	13,459,200	4,508,750	4,279,857	228,893	13,614,200	-155,000
	<b>19,428,410</b>	<b>7,825,130</b>	<b>7,420,072</b>	<b>405,058</b>	<b>19,887,410</b>	<b>-459,000</b>

Table 2

#### ANALYSIS BY SUBJECTIVE SPEND

Subjective	Full Year Budget	To September 2016	Actual	Variance <sup>1</sup>	Year End Forecast	Year End Variance
Employees	20,002,570	9,916,890	9,926,472	-9,582	20,382,570	-380,000
Premises	4,093,590	2,650,110	2,622,867	27,243	4,093,590	0
Transport	1,087,780	539,670	474,227	65,443	1,087,780	0
Supplies & Services	8,797,790	4,525,410	4,861,755	-336,345	9,192,790	-395,000
Agency	4,308,930	2,159,110	2,112,238	46,872	4,308,930	0
Transfer Payments	49,887,850	22,716,330	21,800,265	916,065	49,887,850	0
Asset Rents	1,212,590	133,720	139,168	-5,448	1,212,590	0
Income	-69,962,690	-34,816,110	-34,516,920	-299,190	-70,278,690	316,000
	<b>19,428,410</b>	<b>7,825,130</b>	<b>7,420,072</b>	<b>405,058</b>	<b>19,887,410</b>	<b>-459,000</b>

Table 3

<sup>1</sup>A positive figure represents a favourable variance. A negative figure (ie -£X,XXX) represents an adverse variance.

**MAIDSTONE BOROUGH COUNCIL  
POLICY & RESOURCES COMMITTEE  
BUDGET MONITORING - 2ND QUARTER 2016/17**

**Capital Programme 2016/17 by Service Committee to 30th September 2016**

Capital Programme Heading	Adjusted Estimate 2016/17	Actual to September 2016	Budget Remaining	Q3 Profile	Q4 Profile	Projected Total Expenditure	Slippage into 2017/18	Budget not required
<b>COMMUNITIES, HOUSING &amp; ENVIRONMENT</b>								
Housing Incentives	248,700	41,203	207,497	104,000	103,497	248,700	0	
Housing - Disabled Facilities Grants Funding	450,000	64,312	385,688	193,000	192,688	450,000	0	
Housing Investments *	1,229,530	433,740	795,790	440,000	355,790	1,229,530	0	
Stilebridge Lane Sewage Treatment Works	50,350	14,503	35,847	35,847		50,350	0	
Gypsy Site Fencing Works	42,300		42,300	42,300		42,300	0	
Gypsy Site Improvements	184,600		184,600	95,000	89,600	184,600	0	
Brunswick Street Housing Development **	1,000,000		1,000,000	100,000	900,000	1,000,000	0	
Flood Defences	95,280	1,385	93,895	47,000	46,895	95,280	0	
<b>Total</b>	<b>3,300,760</b>	<b>555,143</b>	<b>2,745,617</b>	<b>1,057,147</b>	<b>1,688,470</b>	<b>3,300,760</b>	<b>0</b>	<b>0</b>
<b>HERITAGE, CULTURE &amp; LEISURE</b>								
Continued Improvements to Play Areas	1,280,740	30,601	1,250,139	450,000	450,000	930,601	350,139	
Green Space Strategy	9,600		9,600	9,600		9,600	0	
Commercial Projects - Mote Park Parking	31,800		31,800	31,800		31,800	0	
Commercial Projects - Mote Park Café	36,070	36,067	3			36,067	-	
Commercial Projects - Crematorium Projects	650,000	17,623	632,377	50,000	582,377	650,000	0	
Commercial Projects - Mote Park Adventure Zone	160,600	49,203	111,397	50,000	61,397	160,600	0	
Mote Park Essential Improvements	362,980	15,809	347,171	150,000	197,171	362,980	0	
Museum Development Plan	93,000	14,529	78,471	40,000	38,471	93,000	0	
<b>Total</b>	<b>2,624,790</b>	<b>163,832</b>	<b>2,460,958</b>	<b>781,400</b>	<b>1,329,416</b>	<b>2,274,648</b>	<b>350,139</b>	<b>0</b>
<b>POLICY &amp; RESOURCES</b>								
High Street Regeneration	315,160	15,697	299,463	150,000	149,463	315,160	0	
Enterprise Hub	5,900	2,530	3,370	3,370		5,900	0	
Asset Management / Corporate Property	287,400	127,219	160,181	81,000	79,181	287,400	0	
Software / PC Replacement	250,500	54,044	196,456	99,000	97,456	250,500	0	
Acquisition of Commercial Assets *	900,790	0	900,790			0	900,790	
Maidstone East/Sessions Square **	3,321,800	2,954,835	366,965	100,000	100,000	3,154,835	166,965	
Union Street (Recommended Option) **	130,110	77,640	52,470	27,000	25,470	130,110	0	
Enabling Works - The Mall Regeneration **	3,398,000	342,599	3,055,401	3,000,000	55,401	3,398,000	0	
Town Hall - Webcast & Speakers	113,680	113,672	8			113,672	-	
<b>Total</b>	<b>8,723,340</b>	<b>3,688,236</b>	<b>5,035,104</b>	<b>3,460,370</b>	<b>506,971</b>	<b>7,655,577</b>	<b>1,067,755</b>	<b>0</b>
<b>STRATEGIC PLANNING, SUSTAINABILITY &amp; TRANSPORT</b>								
King Street Multi-storey Car Park	20,310	2,325	17,985	17,985		20,310	0	
Improvements to the Council's Car Parks	8,840		8,840	8,840		8,840	0	
Bridges Gyratory Scheme	1,400,000		1,400,000	1,400,000		1,400,000	0	
Riverside Towpath	540,000		540,000	270,000	270,000	540,000	0	
<b>Total</b>	<b>1,969,150</b>	<b>2,325</b>	<b>1,966,825</b>	<b>1,696,825</b>	<b>270,000</b>	<b>1,969,150</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>16,618,040</b>	<b>4,409,536</b>	<b>12,208,504</b>	<b>6,995,742</b>	<b>3,794,857</b>	<b>15,200,135</b>	<b>1,417,894</b>	<b>0</b>

\* Any slippage may need to be reversed depending on when there are opportunities to purchase properties

\*\* To be funded by Prudential Borrowing

(Note - the funding identified in the programme also includes £2m in capital contributions to support the regeneration of Maidstone East, but the spend to date has all been on the Royal Mail Depot)

**MAIDSTONE BOROUGH COUNCIL  
POLICY & RESOURCES COMMITTEE  
BUDGET MONITORING - 2nd QUARTER 2016/17**

**Maidstone Borough Council Investments as at 30th September 2016**

Counterparty	Type of Investment	Principal	Start Date	Maturity Date	Rate of Return	Arlingclose Credit Limits	
						Suggested Term	Maximum Deposit
STANDARD LIFE (FORMERLY IGNIS) LIQUIDITY FUND	MONEY MARKET FUND	£ 8,000,000			0.369%	2 years	£8,000,000
FEDERATED INVESTORS (UK)	MONEY MARKET FUND	£ 3,250,000			0.320%	2 years	£8,000,000
NATIONWIDE BUILDING SOCIETY	DEPOSIT - FIXED	£ 2,000,000	01/04/2016	03/10/2016	0.710%	6 months	£3,000,000
NATIONAL COUNTIES BUILDING SOCIETY	DEPOSIT - FIXED	£ 1,000,000	01/04/2016	03/10/2016	0.800%	100 Days	£1,000,000
LLOYDS BANK PLC	DEPOSIT - FIXED	£ 2,000,000	14/10/2015	12/10/2016	1.050%	13 Months	£3,000,000
UNITED OVERSEAS BANK LTD	DEPOSIT - FIXED	£ 2,000,000	28/01/2016	28/10/2016	0.750%	13 Months	£3,000,000
GOLDMAN SACHS INTERNATIONAL	DEPOSIT - FIXED	£ 2,000,000	28/07/2016	04/11/2016	0.500%	100 Days	£3,000,000
HINCKLEY & RUGBY BUILDING SOCIETY	DEPOSIT - FIXED	£ 1,000,000	15/07/2016	16/01/2017	0.500%	100 Days	£1,000,000
LLOYDS BANK PLC	DEPOSIT - FIXED	£ 1,000,000	01/09/2016	31/08/2017	1.000%	13 Months	£3,000,000
ROYAL BANK OF SCOTLAND PLC/T	DEPOSIT - FIXED	£ 2,000,000	11/03/2016	11/03/2017	1.440%	35 Days	£3,000,000
STANDARD CHARTERED BANK	CERTIFICATE OF DEPOSIT	£ 1,000,000	23/10/2015	21/10/2016	0.970%	Removed from lending list. Current advice: investment does not need to be recalled	

**£25,250,000**

# Agenda Item 13

## Policy & Resources Committee 23 November 2016

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

**Yes**

### Strategic Plan Performance Update Quarter 2 2016/17

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

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

1. Note the summary of performance for Quarter 2 of 2016/17 for Key Performance Indicators (KPIs) and corporate strategies and plans.
2. Note the progress of strategic plan action plan at appendix II
3. Note where complete data is not currently available.
4. Note the performance of Key Performance Indicators from Quarter 1 of 2016/17 for which data was not available at Policy & Resources on 26 July 2016
5. Agree to remove the Income from Environment and Public Realm Projects Indicator, and report it as part of the Income from Commercial Activities Key Performance Indicator.

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

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

Key Performance Indicators monitor the delivery of the Council's Corporate Priorities as set out in the Strategic Plan 2015-20. The Performance Plan provides progress against the Council's key strategies which deliver the Council's corporate priorities.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Wider Leadership Team	17 October 2016
Heritage Culture & Leisure Committee	1 November 2016
Strategic Planning, Sustainability & Transport Committee	8 November 2016
Communities, Housing & Environment	15 November 2016
Policy & Resources Committee	23 November 2016

# Strategic Plan Performance Update Quarter 2 2016/17

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Policy & Resources Committee is asked to review the progress of key strategies, plans, and performance indicators that support the delivery of the Strategic Plan 2015-2020
  - 1.2 Data has been provided where it was not available for the Quarter 1 performance update.
- 

## 2. INTRODUCTION AND BACKGROUND

- 2.1 Having a comprehensive set of actions and performance indicators ensures that the Council delivers against the priorities and actions set in the Strategic Plan.
  - 2.2 A midyear update has been provided for any objectives in the Strategic Plan Action Plan that were due between 1 April and 30 September 2016. Updates for these objectives can be found in Appendix II. These are progress updates against specific milestones through the last two quarters.
  - 2.3 The Strategic Plan now has 33 Key Performance Indicators that were agreed by Committee in April 2016. This is in addition to the existing 14 plan and strategy updates.
  - 2.4 Performance indicators are judged in two ways; firstly on whether performance has improved, sustained or declined, compared to the same period in the previous year. This is known as direction. Where there is no previous data, no assessment of direction can be made.
  - 2.5 The second way is to look at whether an indicator has achieved the target set and is known as PI status. If an indicator has achieved or exceeded the annual target they are rated green. If the target has been missed but is within 10% of the target it will be rated amber and if the target has been missed by more than 10% it will be rated red.
  - 2.6 Some indicators will show an asterisk (\*) after the figure, these are provisional values that are awaiting confirmation. Data for some of the indicators were not available at the time of reporting in these cases a date has been provided of when the information is expected.
  - 2.7 Contextual indicators are not targeted but are given a direction. Indicators that are not due for reporting or where there is delay in data collection are not rated against targets or given a direction.
-

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### 3. Quarter 2 Performance Summary

- 3.1 There are 33 key performance indicators (KPIs) which were developed with Heads of Service and unit managers, and agreed by Policy & Resources Committee for 2016/17.
- 3.2 Overall, 70% (12) of KPIs reported this quarter achieved their annual target for quarter 2. For 60% of indicators, performance improved compared to the same quarter last year.

4. RAG Rating	Green	Amber	Red	N/A	Total
KPIs	12	0	5	6	23
Strategic Actions	13	1	0		14
Direction	Up	Across	Down	N/A	Total
KPIs	9	0	6	8	23

#### Data not available

- 4.1
- Percentage of household waste sent for reuse, recycling, or composting.
  - Income derived from environment and public realm projects.
  - Net contribution generated from commercial activities.
- 4.2 Kent County Council provides the recycling and composting data. Currently, only the data for July has been provided. Complete data for Quarter 2 will be provided as an update to Wider Leadership Team in the Quarter 3 performance update.
- 4.3 Separating the income from public realm projects from Grounds maintenance income has been difficult, and parts of this income are already included in the commercial activity indicator. Going forward, this will all be reported under the Net Contribution from Commercial Activities indicator to avoid any duplication of figures, and the environment and public realm indicator will be removed.

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### 5. Performance by Priority

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

- 5.1 Quarter 1: Recycling rates were higher than the same period in 2014/15. With overall waste reduced. Mixed recycling was higher which increased recycling rates for April even though composting levels were down. There was a significant increase in recycling in June to just over 55%, following work to reduce contamination. The target was marginally missed in quarter 1, but the figure for June indicates performance is increasing, and recycling is likely to reach the target this year.
- 5.2 Quarter 2: Recycling data is only available for July, but was 52.8% which is above target. As data for the remaining quarter is unavailable a quarterly



comparison is not possible. The lower contamination rate of household waste, and recycling of street arisings has contributed to a higher recycling rate. This is the highest recycling rate for quarter 2 since we started recording this data. Full data for quarter two will be available in quarter 3.

- 5.3 The percentage of land and highways assessed as having acceptable levels of litter is 8.65% against a target of 6.5%. An increased littering score in Park Wood contributed to lower performance against the target for quarter 2. The scores in Park Wood were higher as retail outlets were highly littered, and they were surveyed before the scheduled cleansings had arrived. Performance is significantly lower than quarter 2 in 2015/16.
- 5.4 The percentage of land and highways assessed as having acceptable levels of detritus is 17.5% against a target of 18%. This is comparable to the same quarter last year. Even though this is a challenging target for the levels of detritus, we have achieved the target for the quarter.
- 5.5 The number of incidences of fly-tipping has shown a seasonal increase in comparison to quarter 1. There was an increase in the number of fly-tips reported on footpaths and bridleways. There has been a 200% increase in construction and demolition waste, and 150% increase in garden waste. However, quarter 2 saw a 33% reduction in white goods and electrical item waste. Fant Ward had the highest number of fly tips, and there was an increase in construction waste in Boxley. Work is still ongoing to establish the reason for these increases, and to determine if there is any link with the disruptions to household waste collections.
- 5.6 No safeguarding practitioners have been trained for quarter 2. The lack of training in this quarter, as well as quarter 1, makes it unlikely that the annual target will be achieved. The safeguarding policy is set to be agreed by Communities, Housing, and Environment Committee on 18 October 2016. Once agreed, a skills and training audit will take place to identify appropriate staff to take the safeguarding leads. These officers will receive safeguarding training from the Community Partnerships Team.
- 5.7 Crime in the borough has seen a 17% increase in the year to date up to August. Figures are not yet available for September 2016 but are expected to be available by the end of October. July and August 2016 compared to 2015 shows a 19% increase, with 285 additional crimes. The increase could again be seen in a positive light as it demonstrates domestic abuse campaigns are working, and people are more confident in reporting crime. If call handling of the 101 service improves, we may see a further increase in the number of crimes reported. This is something communities, Housing, and Environment Committee are looking at when they meet as the Crime and Disorder Committee.
- 5.8 The number of Disabled Facilities Grants completed is 26 for quarter 2 against a target of 25. This is more than double the completion rate for quarter 2 in 2015/16. Completion of grant cases is back on track despite complications from migrating the cases to a new system in August 2016. Performance is expected to improve as the year progresses, if the trend from last year continues.

- 5.9 User satisfaction with the Leisure Centre has shown a slight improvement on quarter 1, but satisfaction remains below the 82% target. Historically, quarter 2 is the worst performing quarter of the year, which may be due to increased footfall over the summer. It is expected that quarter 3 will see an improvement on this quarters result. The café brought the satisfaction down more than any other section, and we are looking at ways to improve the café satisfaction score. This is a relatively small sample and users with a complaint are more likely to complete the forms. The operators are looking at a new system for collecting responses, which could potentially increase the sample size.
- 5.10 The number of people completing a course at the Leisure Centre after being referred by a GP was 36 for quarter 2. This is a provisional figure as final figures are not provided until the middle of the month.
- 5.11 The number of older isolated people prevented from social isolation was 20 for the quarter. Café Culture at the museum continues to attract a regular clientele. We will consider a summer break in the future as only 2 people attended in August.
- 5.12 The percentage of parishes satisfied with the level of communication and engagement with Maidstone Borough Council is 38.3%. A total of 62 responses were received from Parish Councillors and Clerks. Almost a third (32%) were neither satisfied nor dissatisfied with engagement. Comments for this question and others from the survey as a whole are being reviewed and will help shape future communication and engagement.

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

- 5.13 A negative figure indicates an income. The Net income generated from commercial activities was -£233,061 for quarter 2. The quarter 2 income target was -£290,580. Income for this quarter was -£57,519 short of meeting its target. Our commercialisation strategy is discussed in more detail in the Review of Maidstone Borough Council Commercialisation Strategy 2014/15-2018/19, being presented at Policy & Resources Committee on 23rd November 2016.
- 5.14 Footfall at the Museum and Visitor Information Centre was 16,610 against a target of 19,625. This is comparable the footfall for quarter 1 but almost 20,000 down on the same quarter last year. This may be due to the unprecedented success of the Lego Exhibition during the same quarter in 2015. The drop in visitors may also be explained by a late period of hot weather, and the lingering effect of Monday closure. Steps are being taken to improve the visual appeal, exhibitions, and activities available in an attempt to increase footfall. We are working with schools that traditionally visited on a Monday to come on an alternative day of the week, and we are increasing our outreach programme on a Monday.
- 5.15 The number of children taking part in formal educational activities at the museum was 1598. This is a reduction on quarter 1, and the target of 2085 has been missed for quarter 2. This quarter was comparable with the same quarter last year. The reduction quarter-on-quarter was due to the

Summer School Holidays. Schools sessions and Arts Award continue to be popular and highly regarded by schools. The Learning Service works with schools across Kent with reduced fees for schools in the Maidstone Borough.

- 5.16 Footfall in the High Street has exceeded its target of 2,058,735 for quarter 2. Footfall was slightly higher in comparison to the same quarter of 2015/16, and we are pleased to see that the Bridge Gyrotory works have not had an impact.

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

- 5.17 The number of school journeys undertaken without a car was 688 for quarter 2. This is a significant reduction on the performance observed in quarter 1. The data still demonstrates a positive modal shift. The reduction for quarter 2 may be due to the impact of summer holidays and the new intake of pupils in September.
- 5.18 The percentage of people claiming an out of work benefit in Maidstone is 1.2%. This is below the target of 2% but shows an increase on the same period in 2015/16. In real terms, this represents an 8.3% increase in people claiming an out of work benefit compared to August 2015/16. The age group with the highest level of unemployment in Maidstone is 18-24 year olds (2.3%).
- 5.19 The percentage of 16-18 year olds not in Education, Employment, or Training (NEETs) is 5.88% in Maidstone. This data is for August only as September data has not yet been released, and is expected by the end of October. Maidstone is currently fifth out of the twelve Kent authorities for proportion of NEETs. Maidstone has the fourth lowest population of 'unknown' NEETs. These are people where it is not possible to ascertain their current education, employment, or training situation.
- 5.20 The number of businesses/start-ups that received information, advice, and guidance in quarter 2 was 270. This indicator is on track to exceed the annual target. There have been a number of successful workshops leading to further advice and support from advisors. Many of the contacts are due to an increase in the use of the Start Up Resource Centre. We received 185 contacts for information, 74 for guidance, and 11 for advice. We hope to bring the level of guidance contacts above the level for information contacts.
- 5.21 Homelessness preventions exceeded the target with 102 preventions in quarter 2, against a target of 75. This was due to a review of historic and open housing advice and prevention cases, with all completed cases being closed.
- 5.22 All major planning applications were processed on time during quarter 2. 28 applications were completed within the agreed timescales. Of these, 6 were determined within 13 weeks, and the 22 were determined within developer agreed timescales. The majority of these have been complex housing applications which require S106 agreements to be negotiated. This shows how effective officers have been in negotiations and securing extensions of time for complex developments.

- 5.23 A total of 139 affordable homes were delivered, exceeding the target of 45 for the quarter. The affordable housing programme is maintaining a steady supply of new build affordable units. The annual target has already been exceeded with 225 affordable homes delivered to date. According to latest schedules, there are in excess of 300 affordable dwellings forecast for completion by the end of the year.
- 5.24 We have housed 155 people through the housing register for quarter 2 2016/17. This is a 50% increase on the number housed for the same period last year, and has exceeded the quarterly target of 150. This indicator remains on track to exceed the annual target.
- 

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

- 6.1 The Strategic Plan Performance Update will be reported quarterly to the service committees; Communities Housing and Environment Committee, Strategic Planning, Sustainability and Transport Committee, and Heritage, Culture, and Leisure Committee. The report will then go to Policy & Resources committee following these meetings, with any feedback from the Committees.
- 

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

- 7.1 The Council could choose not to monitor the Strategic Plan and/or make alternative performance management arrangements, such as the frequency of reporting. This is not recommended as it could lead to action not being taken against performance during the year, and the Council failing to deliver its priorities.
- 7.2 It is recommended that The Policy & Resources Committee agree to remove the Income from Environment and Public Realm Projects Indicator, as this is difficult to separate from other income such as grounds maintenance. This is already included as part of the Income from Commercial Activities indicator that is currently reported quarterly. Data has not been provided for this indicator for quarter 1 or quarter 2.
- 

## **8. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The key performance indicators and strategic actions are part of the Council's overarching Strategic Plan 2015-20 and play an important role in the achievement of corporate objectives. They also cover a wide range	Angela Woodhouse, Head of Policy & Communications

	of services and priority areas, for example waste and recycling.	
<b>Risk Management</b>	The production of robust performance reports ensures that the view of the Council's approach to the management of risk and use of resources is not undermined and allows early action to be taken in order to mitigate the risk of not achieving targets and outcomes.	Angela Woodhouse, Head of Policy & Communications
<b>Financial</b>	Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the Council's Medium Term Financial Plan and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.	Section 151 Officer
<b>Staffing</b>	Having a clear set of targets enables staff outcomes/objectives to be set and effective action plans to be put in place.	Angela Woodhouse, Head of Policy & Communications
<b>Legal</b>	None identified.	Legal Team
<b>Equality Impact Needs Assessment</b>	The Performance Indicators reported on in this quarterly update measure the ongoing performance of the strategies in place. If there has been a change to the way in which a service delivers a strategy, i.e. a policy change, an Equalities Impact Assessment is undertaken to ensure that there is no detrimental impact on individuals with a protected characteristic.	Equalities and Corporate Policy Officer
<b>Environmental/Sustainable Development</b>	A number of performance indicators relate to our performance in	Policy and Information Manager

	environmental services. This has a significant effect on our ability to monitor the Environment in Maidstone. This is also important as one of our key priorities is to provide a clean and safe environment.	
<b>Community Safety</b>	We have Key Performance Indicators that relate to important areas of community safety. These ensure that the work being done by the Community Safety Unit is relevant, and that key areas such as safeguarding are being developed.	Policy and Information Manager
<b>Human Rights Act</b>	None identified.	Policy and Information Manager
<b>Procurement</b>	Performance Indicators and Strategic Milestones monitor the any procurement needed to achieve the outcomes of the Strategic Plan.	Policy and Information Manager
<b>Asset Management</b>	Performance Indicators that measure our commercial activities monitor our use of our assets. Good performance shows good management of our assets, or can highlight where assets can be utilised more efficiently.	Policy and Information Manager

## 9. REPORT APPENDICES

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

- Appendix I: Strategic Plan Performance Update Q2 2016/17
- Appendix II: Strategic Plan Action Plan 6 Monthly Update

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## 10. BACKGROUND PAPERS

2016/17

# Quarter 2 Performance Update



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



## OUR VISION

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

## OUR MISSION

Putting People First.

## OUR PRIORITIES

Keeping Maidstone Borough an attractive place for all

Securing a successful economy for Maidstone Borough



## ACTION AREAS

Providing a clean and safe environment

Encouraging good health and wellbeing

Respecting the character and heritage of our Borough

Ensuring there are good leisure and cultural attractions

Enhancing the appeal of the town centre for everyone

Securing improvements to the transport infrastructure of our Borough

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

Planning for sufficient homes to meet our Borough's needs

## OUR VALUES

### Service



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

### Teamwork



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

### Responsibility



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

### Integrity



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

### Value



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

### Equality



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








# Understanding Performance





## Key to performance ratings

Performance indicators are judged in two ways; firstly on whether performance has improved, been sustained or declined, compared to the same period in the previous year. For example, 2016/17 annual performance will be compared against 2015/16 annual performance. This is known as direction. Where there is no previous data, no assessment of direction can be made.

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

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

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

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

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

## Performance Summary

This is the annual update on Maidstone Borough Council's Strategic Plan 2015-20. It sets out how we are performing against the Key Performance Indicators and Strategic actions that directly contribute to the achievement of our priorities: Keeping Maidstone an attractive place for all and securing a successful economy for Maidstone Borough.

Outlined below is a summary of the ratings and direction that have been given for the annual results.

RAG Rating	Green	Amber	Red	N/A	Total
KPIs	12	0	5	6	23
Strategic Actions	13	1	0		14
Direction	Up	Across	Down	N/A	Total
KPIs	9	0	6	8	23

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

### Providing a Clean and Safe Environment

Over the past 5 years, Maidstone Borough Council has demonstrated its commitment to deliver cost effective and sustainable waste and recycling services, as a result our recycling rate has improved significantly. Maidstone does not experience high levels of crime.

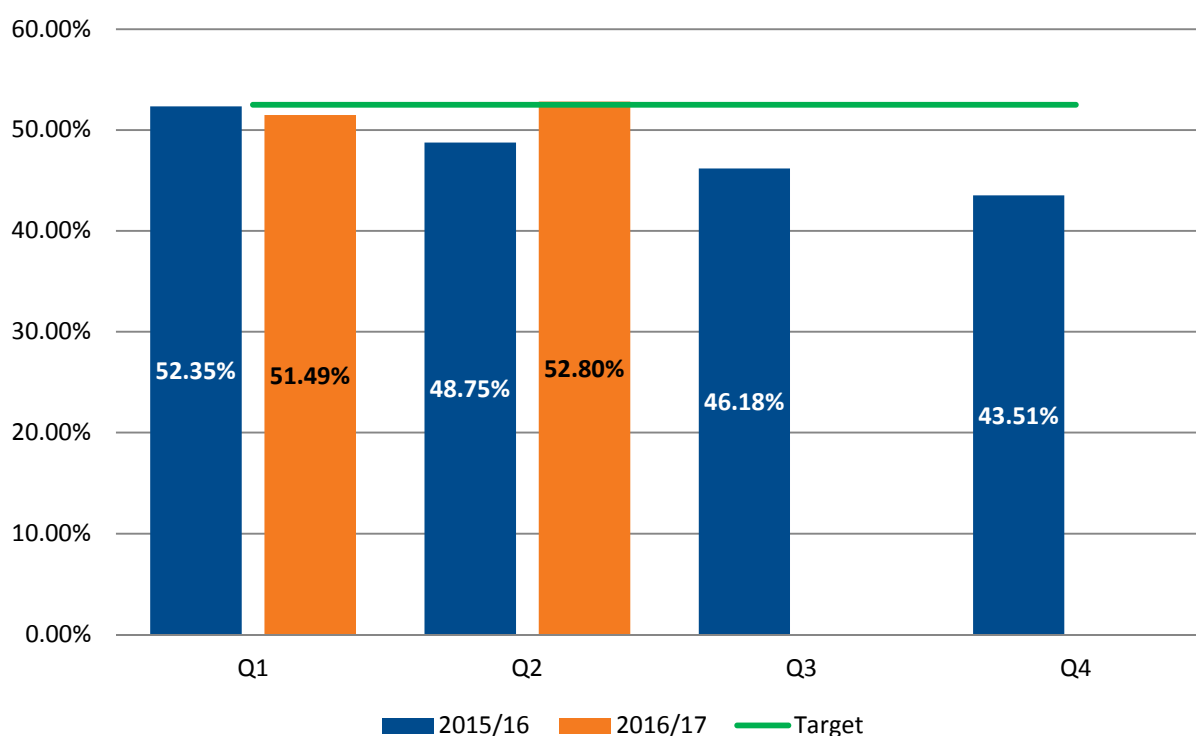
#### Waste & Recycling Strategy

The recycling rate for July 2016 was over 52% and contamination has remained within target indicating that the communications campaign which has been launched is having an effect. A number of initiatives are lined up for the coming months including engagement with the primary and secondary schools, door-knocking and advertising. Focus remains on reducing contamination levels and therefore new initiatives are being explored for the collection of textiles as these are some issues with residents putting them in their bins rather than in a carrier bag next to them. Increasing the reuse of furniture and other household items will also be a focus over the next 6 months with Christmas initiatives in partnership with local charities. The recycling of street arisings has been particularly successful and further work is underway to find ways to recycle more litter.

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

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

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
52.8%	52.5%	+0.3%	↑	✓	Target will be achieved



**Performance Comment:** \*Data only includes tonnage for July. The recycling rate for July was 52.8% which was above target. Unfortunately the figures for August and September are not yet available from Kent County Council. The higher recycling rate is due to the lower contamination rate and recycling of street arisings. This is the highest recycling rate for Quarter 2 since we started recording this data. August and September data will be included in the Quarter 3 performance update to see if they affect our performance against the target.

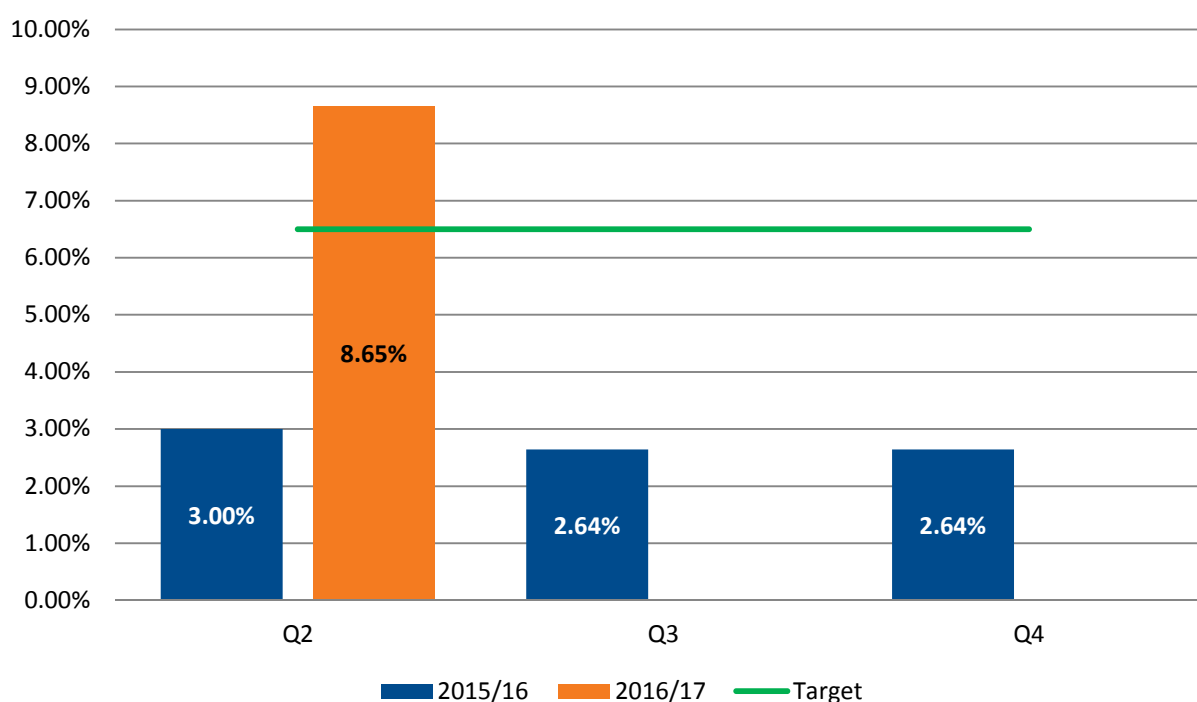
**Update for Quarter 1 as information wasn't available in previous report:** Recycling rates are higher than the same month in 2014 and 2015, with overall waste reduced. Mixed recycling is higher which has increased recycling rates for April, even though composting levels were down. In June there was a significant increase in recycling rate to just over 55% following work to reduce contamination and the introduction of street sweeper recycling. Although the target was marginally missed this quarter, the figure for June indicates that performance is continuing to improve and is likely to reach target this year.

### The percentage of relevant land and highways that is assessed as having deposits of litter that fall below an acceptable level

Reducing unacceptable levels of litter formed a key part of Government's 'Cleaner Safer Greener Communities'. Through using the improved management information that the indicator provides, the score should be reduced year-on-year.

Litter includes mainly synthetic materials, often associated with smoking, eating and drinking, that are improperly discarded and left by members of the public; or are spilt during waste management operations. Good performance is indicated by a lower figure.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
8.65%*	6.50%	+2.15%	↓	●	Target will be slightly missed



**\*Data for April to July only. The environmental survey is conducted every four months, and so data is produced 2 months in arrears for the second, third, and fourth quarter.**

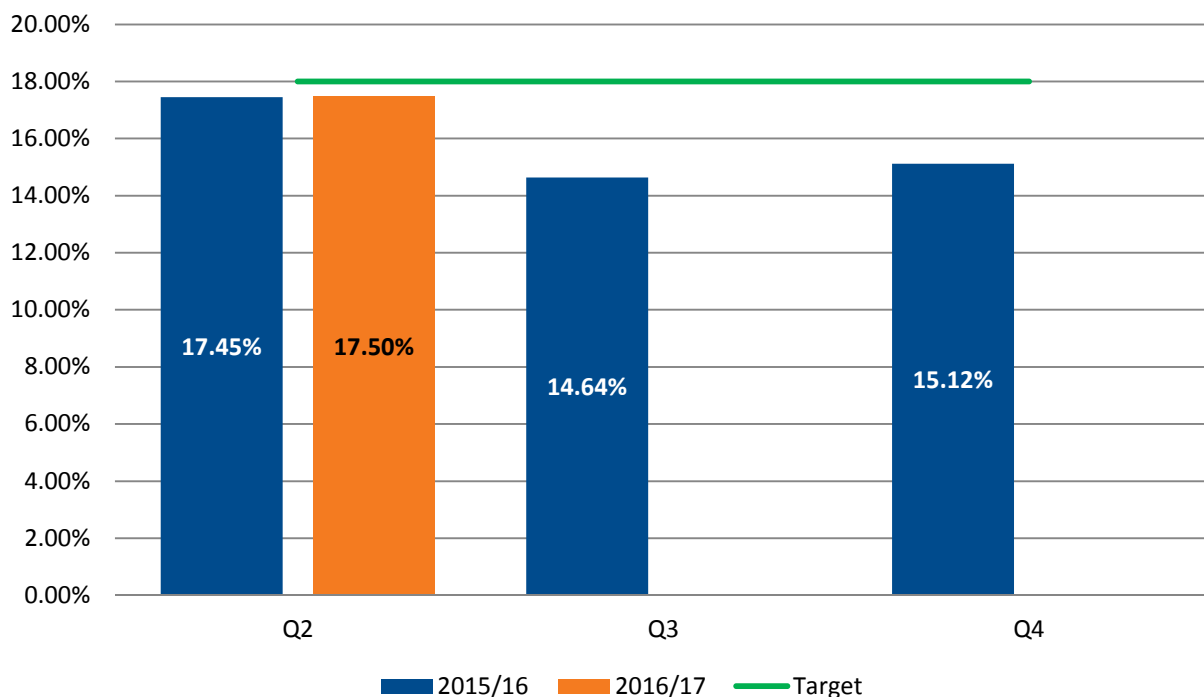
**Performance Comment:** The NI195 monitoring is carried out in three tranches over the course of 12 months. During each tranche different Wards are surveyed in line with the index of deprivation and land types. During this first tranche, the survey results from Park Wood resulted in an overall increase in littering. This has been linked to high levels of littering around the new shops, the construction sites and the timing of the cleansing work being undertaken. The results of the survey have been used to inform the cleansing regime, which is now being carried out earlier around the shops in Park Wood.

**The percentage of relevant land and highways that is assessed as having deposits of detritus that fall below an acceptable level**

Reducing unacceptable levels of detritus formed a key part of Government's 'Cleaner Safer Greener Communities'. Through improved management information that the indicator provides, the score should be reduced year-on-year.

Detritus includes dust, mud, soil, grit, gravel, stones, rotted leaf and vegetable residues, and fragments of twigs, glass, plastic, and other finely divided materials. Good performance is indicated by a lower figure.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
17.5%*	18%	-0.5%	↓	✓	Target will be achieved



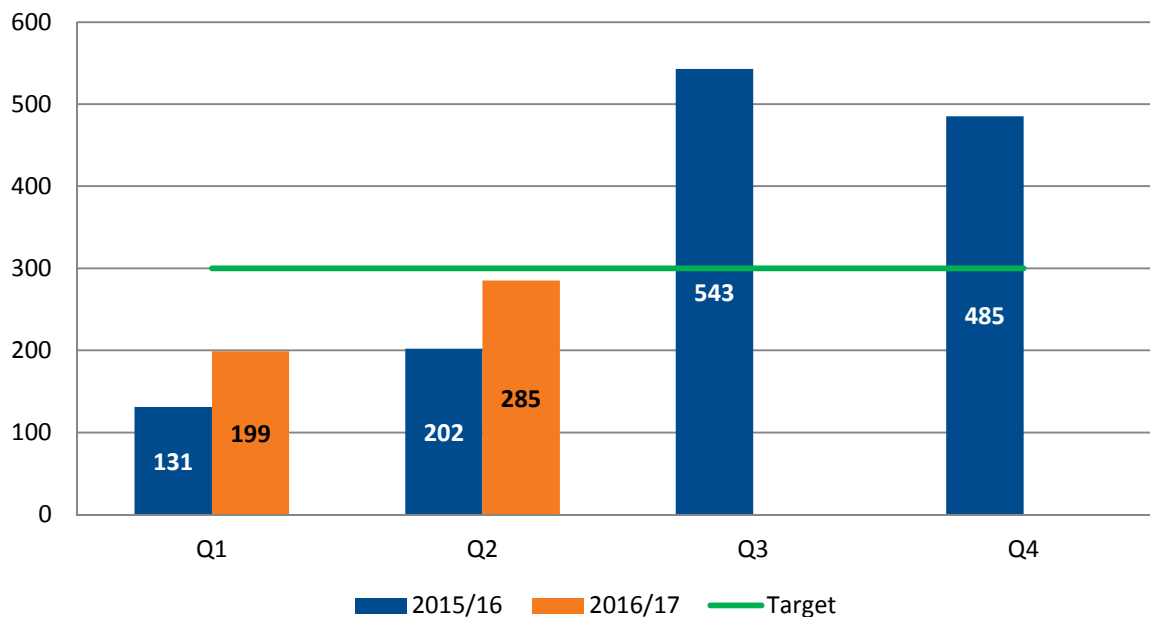
**\*Data for April to July only. The environmental survey is conducted every four months, and so data is produced 2 months in arrears for the second, third, and fourth quarter.**

**Performance Comment:** Even though this is a challenging target for the levels of detritus on the highway, the survey indicates that we have achieved the target for the quarter. The environmental survey is conducted every four months, and so data is produced 2 months in arrears for the second, third, and fourth quarter.

### Number of incidences of fly-tipping

This indicator gives a wider view of the issues in waste management beyond street cleansing. It also reflects the work undertaken to reduce the level of fly-tipping in the borough through projects and deterrents. Good performance is indicated by a lower figure.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
285	300	-15	↓	✓	Target will be achieved



#### Performance Comment:

The Quarter 2 figure shows an expected increase from Quarter 1 due to the seasonal increase of fly tipping being reported.

The year on year comparison of Q2 2015/16 (202) shows there was an overall increase but the figure is comparable with the 2014/15 figure.

The main reason for the increase in fly tips is a 200% increase in construction and demolition waste and a 150% increase in garden waste. This is commonly found in the summer months when more construction work in particular is undertaken. However there has been a 33% reduction in white goods and electrical items being fly tipped this quarter compared with quarter 1 which is encouraging following previous increases in this waste due to the reduction in scrap value and new regulations governing the disposal. The highest number of fly tips were reported in Fant, along with an increased number of fly tips involving construction waste in Boxley. Work is still ongoing to establish the reason for the increase in Fant and determine if there is any link with disruptions to the household waste collections. There is some evidence to support the fly tips in Boxley being connected to recent multi-agency work on an illegal disposal site, where this waste is likely to have been destined. The Environmental Enforcement Team are monitoring the outcome of this work and will continue to work closely with the other agencies involved.

## Community Safety Strategy


The Community Safety Partnership is currently operating through the 6 sub-groups agreed in the CSP action plan, All of the sub groups have now drawn down actions set out in the plan and are in the process of implementing or completing the projects designated. The Substance misuse sub group has installed external needle bins in high drug use areas as well as dispatched specialist practitioners and youth workers to areas where drug use has been identified. This has had a significant Impact on the number of needles found in public areas and has dispersed drug users unwilling to engage with the support provided by the Kenward trust and local youth services. Awareness sessions around alcohol abuse have been delivered in all primary schools in Maidstone and a further programme aimed at drug use will be delivered across a number of secondary schools in Maidstone.

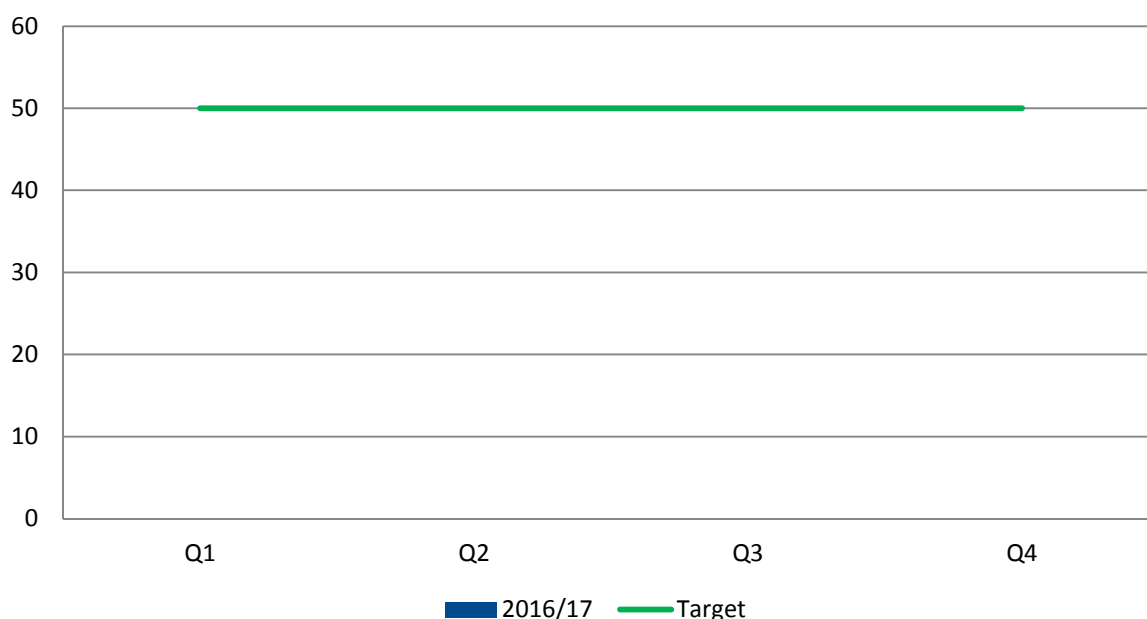
An awareness campaign on Domestic abuse and the new laws instated has been organised for November and is set to reach 150 local practitioners from the voluntary, charity and public sector. This will increase awareness of Domestic abuse and encourage practitioners to support victims in a safe and understanding way.

A review of the illegal encampments policy is being undertaken to take into account the authorities as part of the Mid Kent partnership. This will ensure a consistent approach is taken by all MKS authorities from the effects of illegal encampments.

### Number of safeguarding practitioners trained

Safeguarding has been identified as a national priority and a compulsory part of what we do as a Council. This indicator measures the number of internal and external staff trained in areas such as child sexual exploitation and anti-extremism. Having more practitioners trained in safeguarding ensures the protection of vulnerable adults and children across Maidstone.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Outcome
0	50	-50			Target will not be achieved



**Performance Comment:** No safeguarding practitioners have been trained this quarter. The lack of training in this quarter, as well as quarter 1, makes it unlikely that the annual target will be achieved. The safeguarding policy is set to be agreed by Communities, Housing, and Environment Committee on 18 October 2016. Once agreed, a skills and training audit will take place to identify appropriate staff to take the safeguarding leads. These officers will receive safeguarding training from the Community Partnerships Team.

### Air Quality Strategy

Following the member workshop in July a report was provided to the September 2016 Housing Communities & Environment Committee providing options for moving this matter forward. The CHE Committee determined that a working group is established, comprising of members of the CHE Committee and Strategic Planning & Sustainable Transport Committee; and agreed the terms of reference. The Committees are in the process of putting forward their representatives and the working group is due to meet in November.








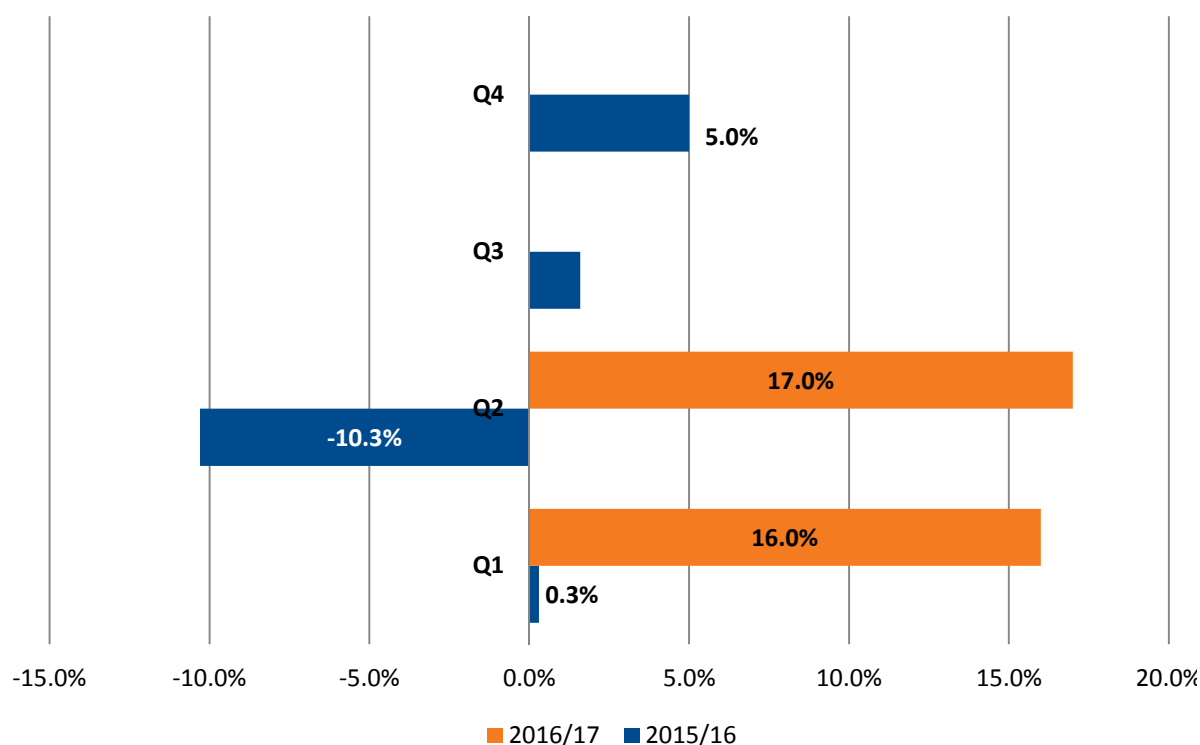
### Environmental Quality Survey

Whilst the recruitment for an Environmental Performance Officer was not successful, the work has been undertaken using the temporary Street Scene Support Officer. This has provided an independent view of the environmental quality and the results for detritus has shown a small improvement whilst the level of littering has increased slightly due to higher levels of littering in one Ward. This has now been addressed with the street cleansing team to ensure that more focus is given to the new shopping parade in Park Wood and for issues to be raised with the housing trust when necessary. Going forward the work will be undertaken by a member of the waste and street scene team as the Environmental Performance Officer will be incorporated into the role of Depot Commercial Officer to focus more precisely on compliance.

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

This indicator reports the percentage change in the number of all recorded crime in the borough to provide an indication of the crime trends in the borough and help assess the impact of the work the Council undertakes in relation to Community Safety. *Note: Improving performance for this indicator is demonstrated by a negative figure.*

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
17.0%					



**Performance Comment:** There has been a 17% year to date increase up to August. Figures are not yet available for September 2016. July & August 2016 compared to 2015 shows a 19% increase, with an additional 285 crimes. The increase could again be seen in a positive light as it demonstrates domestic abuse campaigns are working, and people are more

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

confident in reporting crime. Crime detection and recording by the police has improved as police become more proactive in dealing with issues such as drugs, making more arrests. Better and more accurate recording of data could also mean that the number of crimes has remained steady, but that the data is of a higher quality. If call handling of the 101 service improves, we may see a further increase in the number of crimes reported.

### Encouraging Good Health and Wellbeing

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

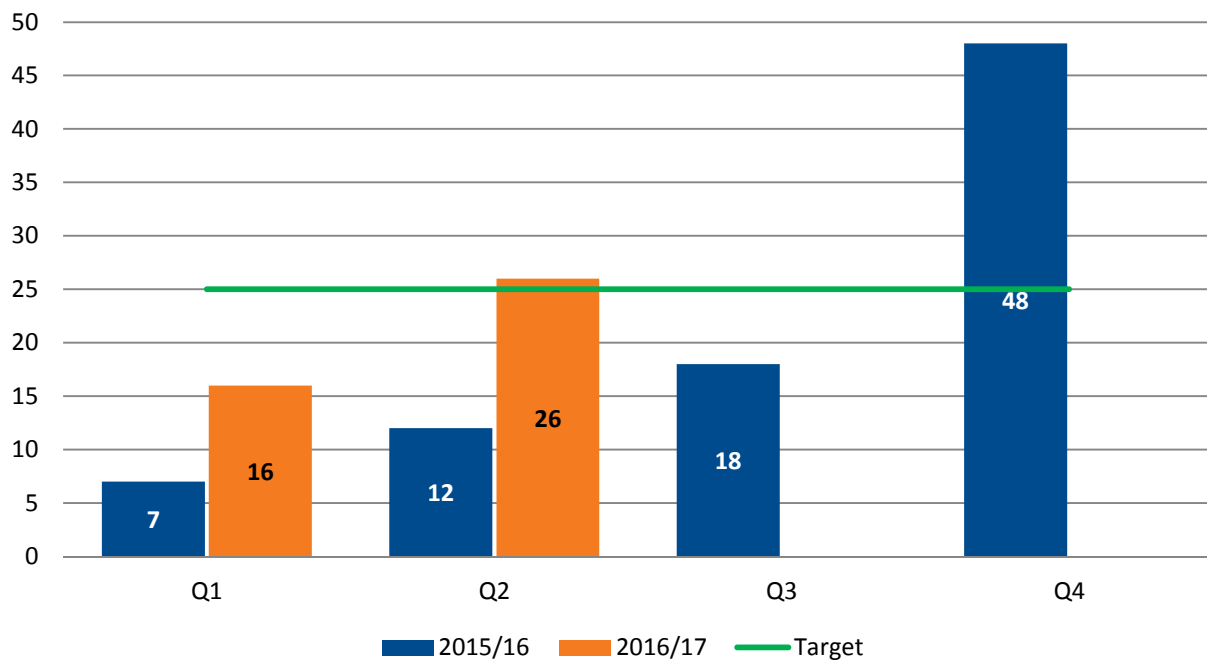
#### Health Inequalities Action Plan Update

The revised plan was taken to the Wider Leadership Team in September 2016 and the WLT provided commentary that was incorporated into the draft document. The revised action plan was presented to the Maidstone Health & Well Being Group at the beginning of October for consultation. The final draft has been released for a decision by CHE Committee on 18 October, which will be preceded by a Member workshop on health & wellbeing to take place on 17 October.

### Number of completed Disabled Facilities Grants

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

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
26	25	+1	↑	✓	Target will be achieved



**Performance Comment:** Completion of grant cases is back on track in spite of complications arising from software migration to Uniform in August 2016.

The same quarter last year saw 12 Disabled Facility Grants completed, less than half the number that were completed this quarter. Performance is expected to improve as the year progresses, if the trend from last year continues.

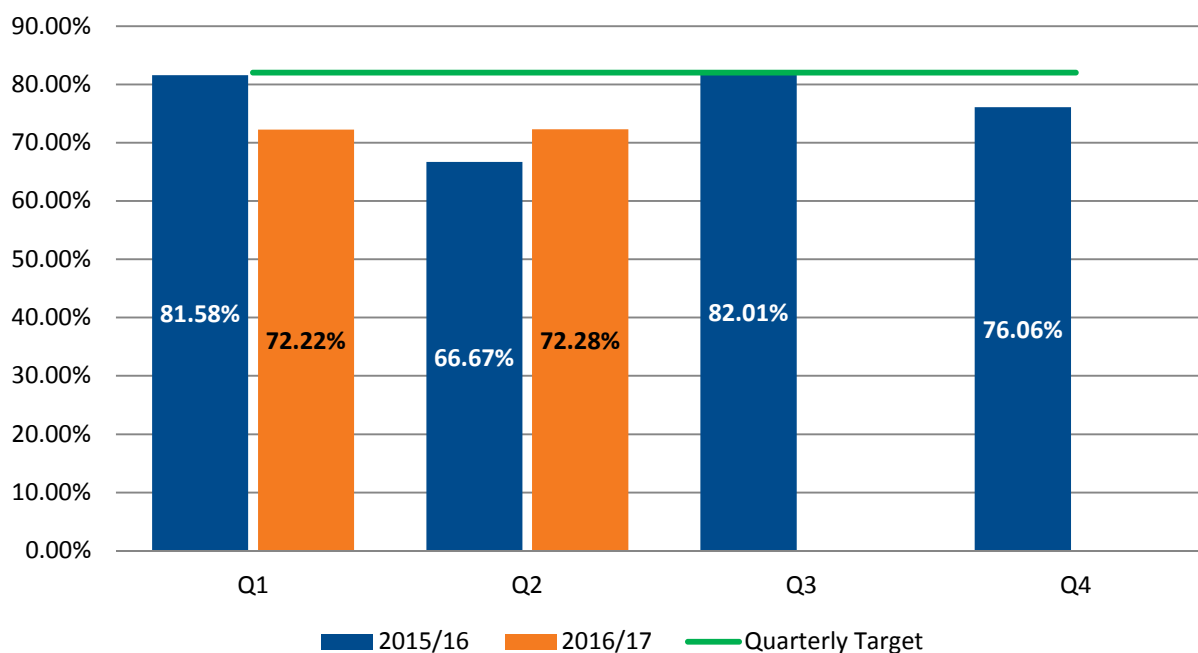
### Housing Strategy Update

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### User Satisfaction with the Leisure Centre

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

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
72.28%	82.00%	-9.78%	↑	●	Target will be slightly missed




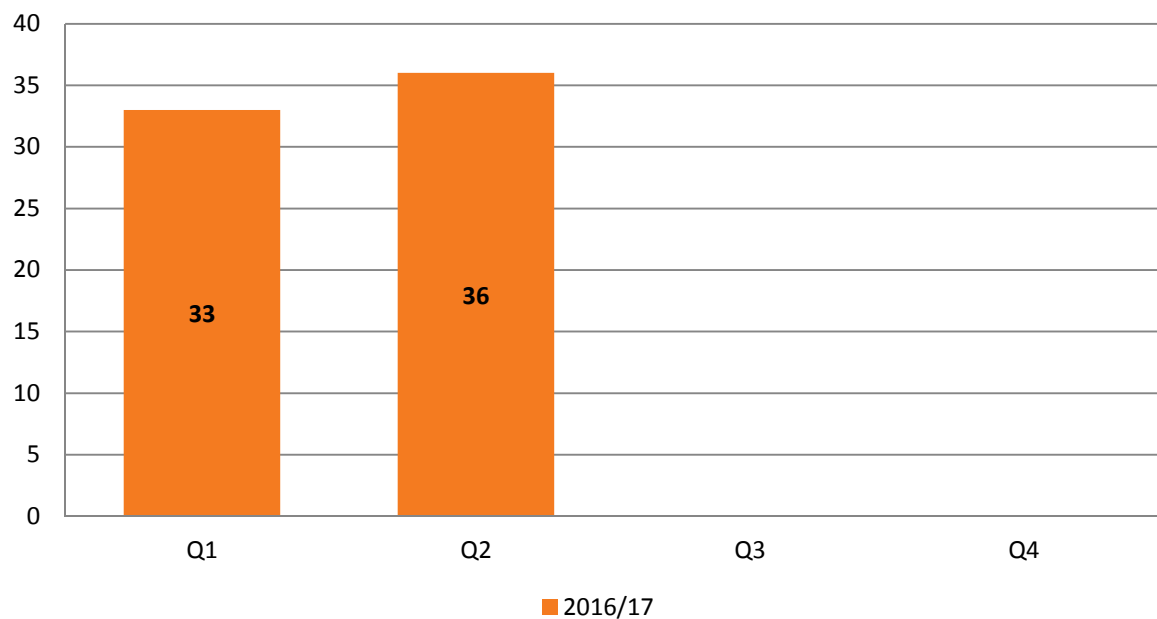
**Performance Comment:** Although there has been a slight improvement from Q1, satisfaction remains below the set target of 82%. Historically Q2 is the worst performing quarter each year linked to increased usage over the summer holidays. Historically Q3 sees an improvement on Q2.

15% of users showed a degree of dissatisfaction, whilst 13 % of users were neither satisfied or dissatisfied. Key comments regarding dissatisfaction were in relation to the customer service in the Cafe, which brought the score down more than any other area. We are working with the Leisure Trust to discuss ways of improving performance within this area. Although the operator is meeting their requirements in terms of the number of surveys collected it is a relatively small sample and users with a complaint are more likely to complete the forms. The operators are looking at a new system for collecting the data which potentially could increase the sample size.

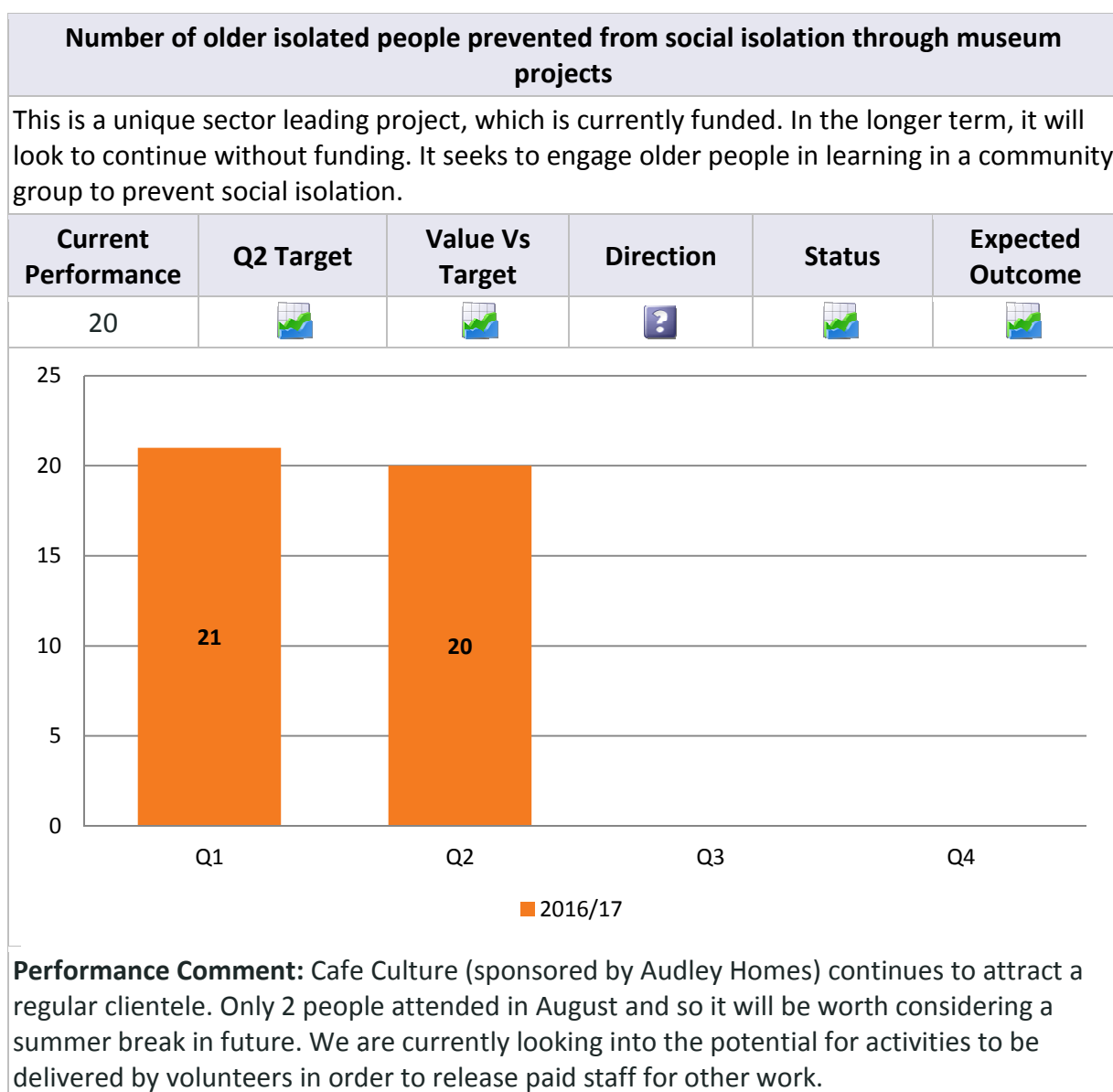
### Number of people successfully completing a course at the leisure centre following referral by GP

This indicates the key work that is being completed at the Leisure Centre around health. This part of the Leisure Centre's work is not reflected in ratings of satisfaction. This indicator has no target and is for information only.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Outcome
36					



**Performance Comment:** This is a provisional figure as the final figure is not provided until the middle of the month.



## Respecting the Character of our Borough

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






## Communications & Engagement Strategy Update

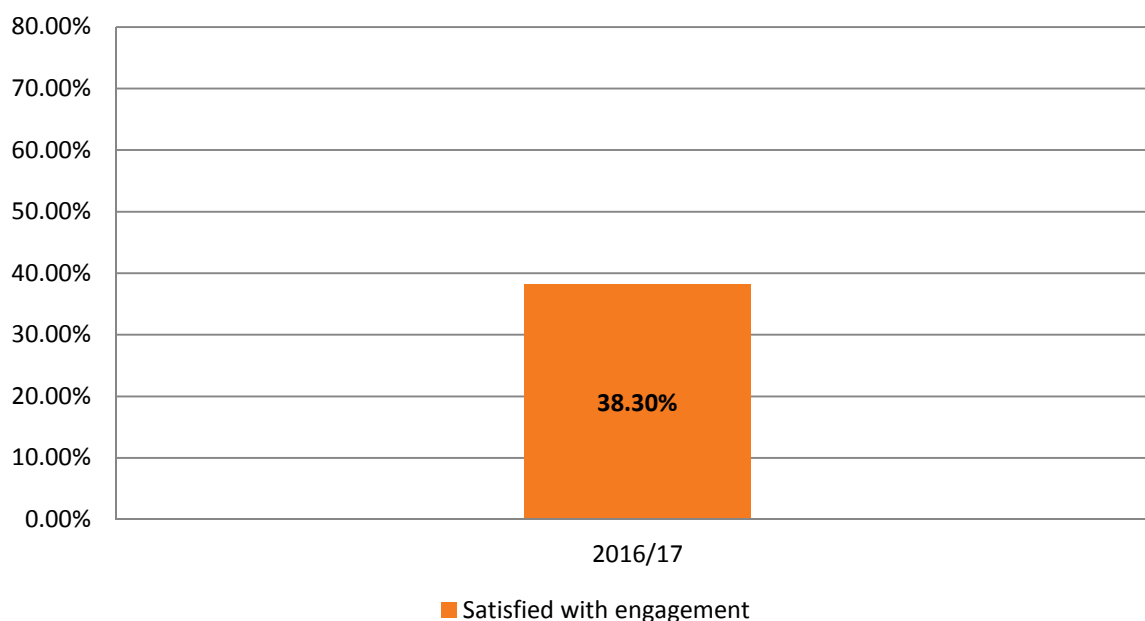
With a new communications team in place, we have taken a new approach to the Communications and Engagement strategy this year and rewritten the document to reflect our focus of promoting pride in the borough. The new strategy clearly sets out how the council's narrative will be reflected in everything we do and how the team's priorities will be agreed on a yearly basis with levels of support for each area of work set out in advance. At the heart of the strategy is the council's vision with the recognition that the effectiveness of how we deliver our vision is determined to a significant extent by the quality of our communications and engagement. The strategy outlines the approach we will take to ensure our communications and engagement activity is the best possible and helps to achieve our vision. The strategy will go before Policy and Resources Committee on 26th October for approval.

NB: Parish charter developed in consultation with parishes and KALC

### Percentage of parishes satisfied with the level of communication and engagement they have with Maidstone Borough Council (Parish Survey)

The parish council survey was open from 18th July until 2nd October.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
38.3%					



**Performance Comment:** A total of 62 responses were received from Parish Councillors and Clerks. While the greatest proportion of respondents were satisfied with the level of communication and engagement from MBC, almost a third (32%) were neither satisfied nor dissatisfied. Comments around this question concerned queries to Officers going unanswered, however there were several positive comments about the Parish Liaison Officer role.



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

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

### Ensuring there are good Leisure and Cultural Attractions

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

#### Festivals & Events Strategy Update

The summer events programme has now concluded with The Proms and the Street Mela delivered successfully and consultation carried out around both events. An open air cinema event was also held in Whatman Park. Mote Park was also hired out for the Big Day Out family event and the second year of the Ramblin' Man Festival which alone generated over £1m into the local economy.

Heritage, Culture and Leisure Committee will receive a report on 29 November 16 which will review the programme and set out the options for the future of council funded/delivered events.

#### Destination Management Plan Update

The Tourism Destination Management Plan Board met at the beginning of September 16 for an update and to review the progress made in year one. We will be holding a TDMP Update – One Year On, on the 29 November 16 and will be inviting stakeholders to share their progress in delivering the actions. An update report will be presented to the Heritage, Leisure and Culture Committee on the 29th November.

After the initial meetings were held with four working groups, they only meet now if it is essential to complete a task and in most cases this communication is done by email by those physically carrying out the work.

The new Maidstone River Park group is a direct action of the TDMP and includes volunteers as well as public and private sector supporters.

<http://www.maidstoneriverpark.co.uk/maidstone-river-park-group/>


#### Cultural Strategy Update

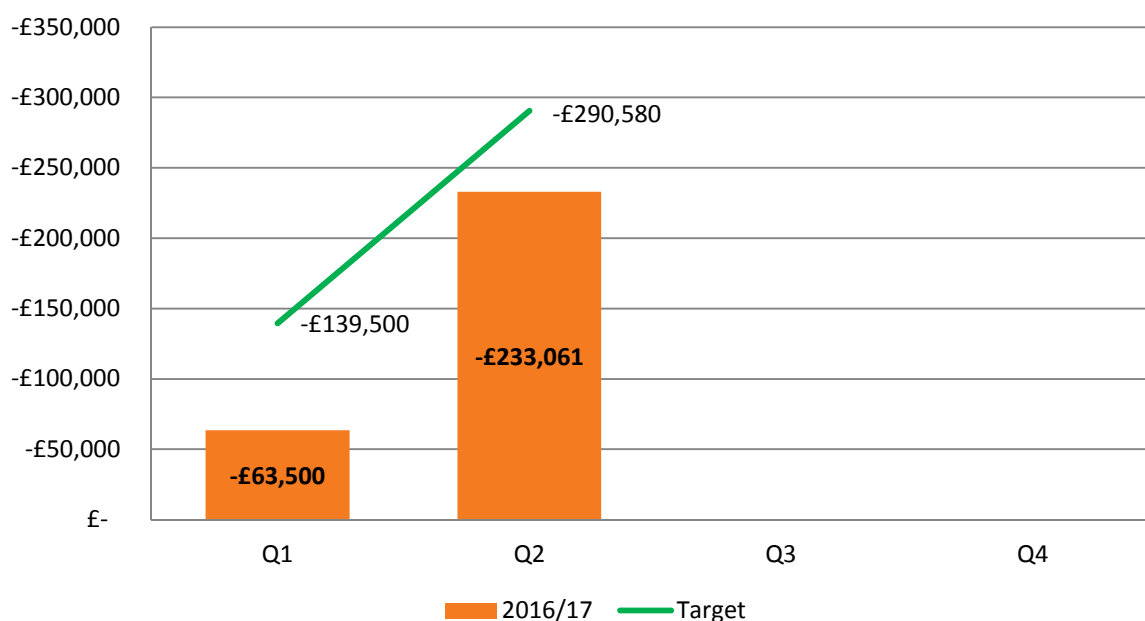
The new Public Realm Design Guide and Public Art Policy will go to the Heritage, Culture and Leisure Committee on 1 November 2016 for adoption, following extensive consultation on their development.

The bid to Heritage Lottery Townscape Initiative Fund for Gabriel's Hill for £2m 'War, Peace and Trade' was submitted and a decision will be made in January 2017. The Urban Panel visit has been postponed until later in the year to allow the work to be finished on the Public Realm Design Guide.

### Net contribution generated from commercial activities

The Council has a Commercialisation Strategy, which seeks to make better use of the Council's assets to provide increased leisure opportunities for the borough's residents and visitors. This indicator is to assess the performance and progress of the Commercialisation Strategy in monetary terms.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
-£233,061	-£290,580	-£57,519	?		Target will not be achieved



**Performance Comment: A negative figure indicates an income, and a positive figure indicates expenditure.**

Note: The definition of commercial activities for the purpose of this indicator excludes Garden Refuse collection.

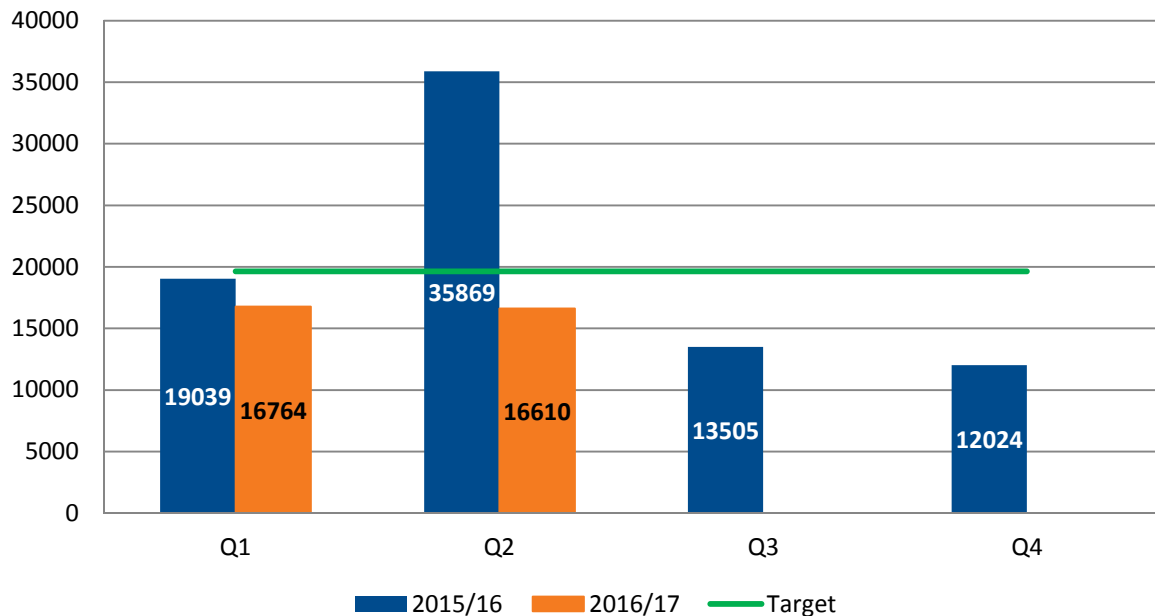
Mote Park Café: £23,274  
Commercial Waste Services: -£38,769  
Chillington House: -£1,743  
Phoenix Park Units: -£137,668  
Mote Park Pay & Display: -£75,324  
Debt recovery Service Trading: -£2,830

Our commercialisation strategy is discussed in more detail in the Review of Maidstone Borough Council Commercialisation Strategy 2014/15-2018/19, being presented at Policy & Resources Committee on 23<sup>rd</sup> November 2016.

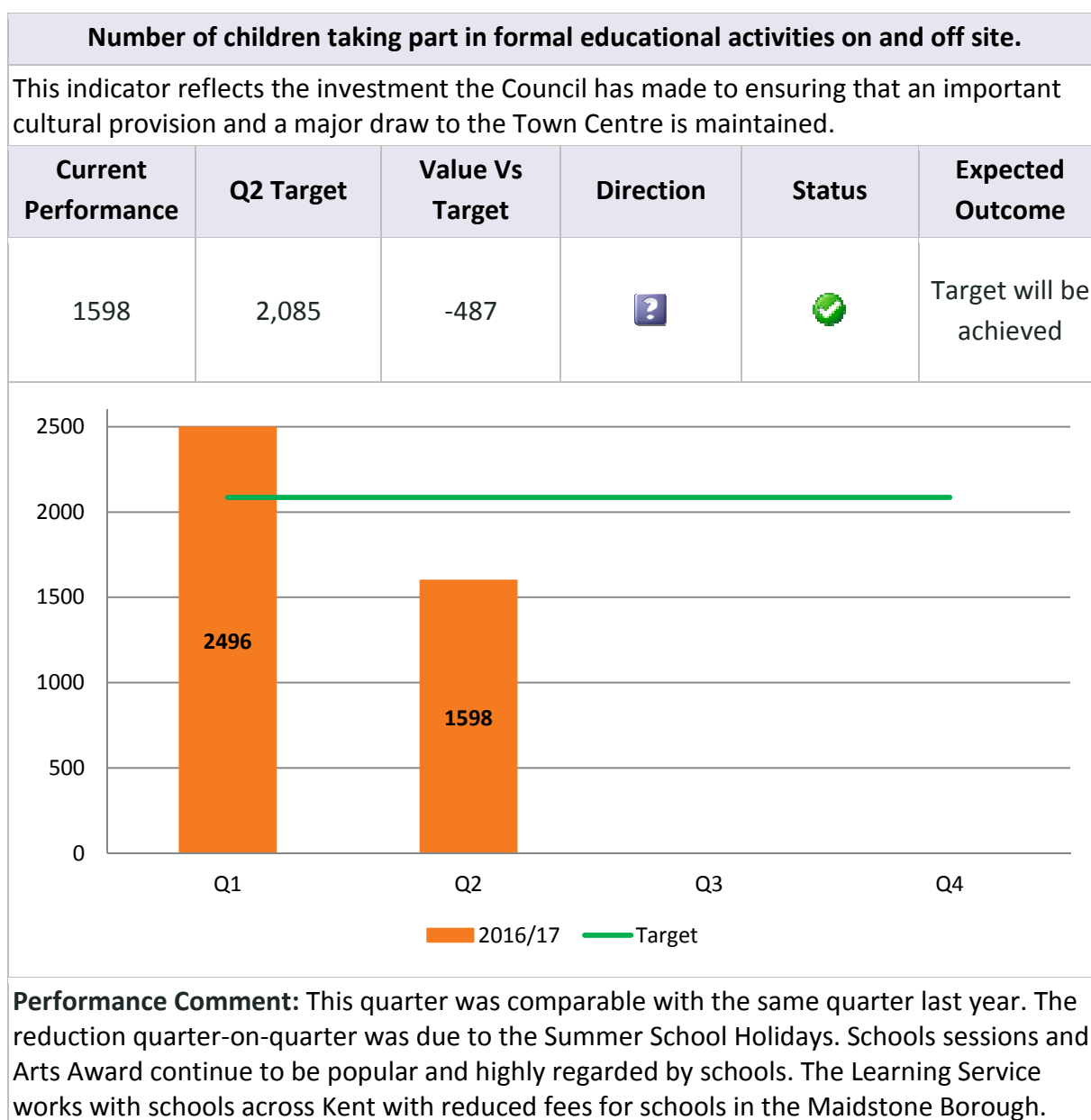
### Footfall at the Museum and Visitor Information Centre

This indicator reflects the investment the Council has made to ensure that an important cultural provision and a major draw to the Town Centre is maintained.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
16,610	19,625	-3015	↓	●	Target will be slightly missed



**Performance Comment:** This quarter, whilst similar to quarter 1, was almost 20,000 down on the same quarter last year. However, this is due to the unprecedented success of the Lego exhibition in 2016 which saw an increase of 15,000 in visitor numbers. If we compare 2016-17 with the more usual 2014-15 figures, we can see that the visits were around 5,000 down. This can be explained by a late but very hot period of summer and the lingering effects of Monday closure in Q1 of 2016. Steps to improve visitor footfall are being taken with the improvement of the visual appeal of the museum exterior, improvements to museum exhibitions and more events and activities. We are also working with the schools that traditionally visited on a Monday to come on an alternative day and are increasing our learning outreach programme on a Monday.



## Enhancing the Appeal of the Town Centre

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



### Town Centre Vision Update

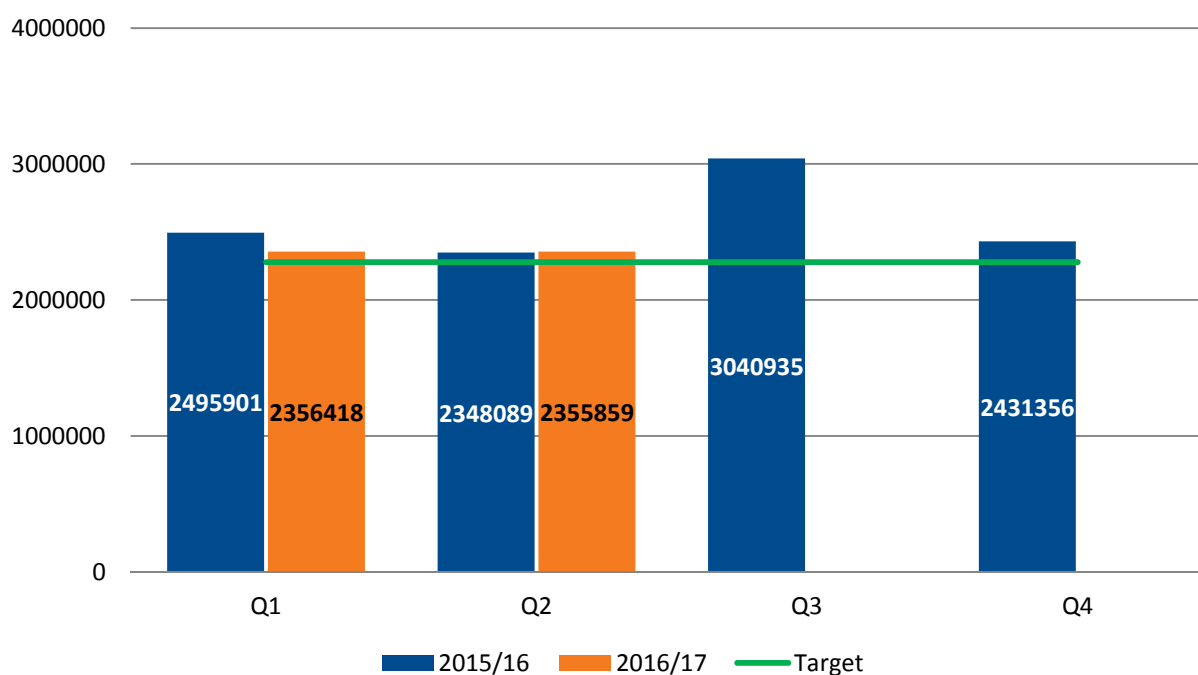
Excellent progress continues on the Town Centre Investment and Development Plan. The Bridges Gyratory Scheme is on schedule for delivery by the end of the year and work will start on the River Medway Cycle Path Scheme later in the year.

The Vic Public House at Maidstone East will be demolished before March 17 and it is hoped that the station improvement programme will be complete by June 18 for the arrival of the new Thameslink service. Maidstone Borough Council and Kent County Council have now completed on the purchase of the Royal Mail Sorting Office at Maidstone East and a holding strategy has been agreed whilst a master plan is developed for the long term regeneration of the wider site. Consultants are working on indicative designs for the Week Street and Gabriel's Hill Public Realm schemes and these will be presented to members in due course. Development schemes for Brunswick Street and Union Street are being progressed with scheme design commissioned.

### Footfall in the High Street

This indicator provides a good balance between Town Centre vitality and satisfaction with the High Street.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
2,355,859	2,058,735	+297,124			Target will be achieved



**Performance Comment:** Footfall in quarter 2 is slightly higher than the same quarter last year. Footfall in the high street is on track to achieve target, and we are pleased to see that the Bridge Gyratory works have not affected footfall in the town centre.

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

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






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

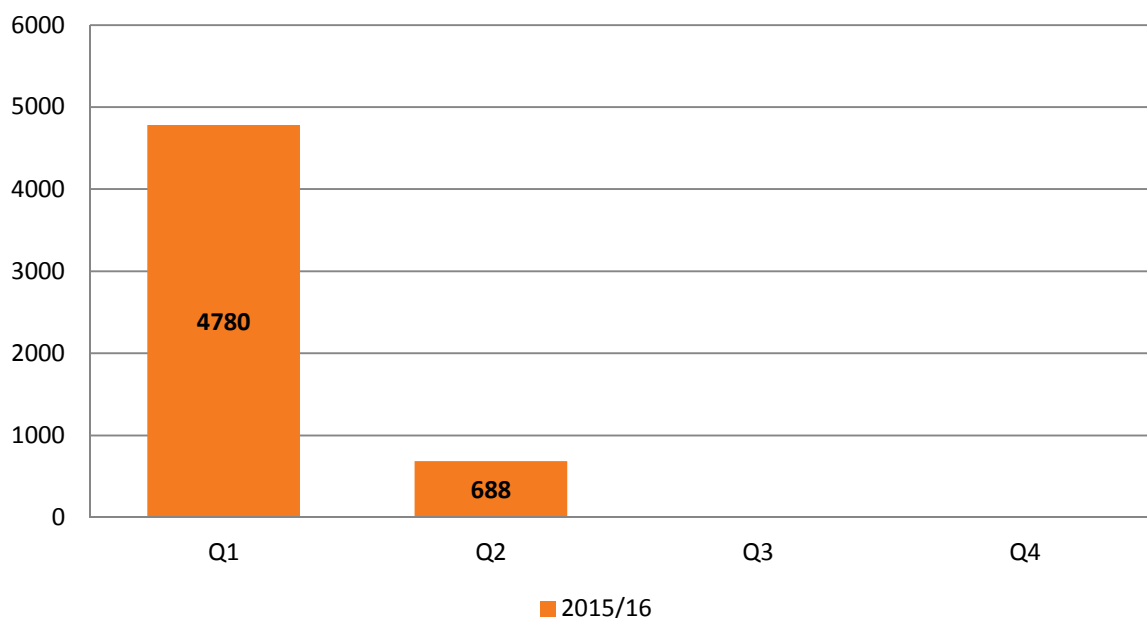
#### Integrated Transport Strategy (ITS) Update

Following the request for minor changes to the documents by the Strategic Planning Sustainability and Transportation Committee on 6th July the revised Integrated Transport Strategy and the Walking and Cycling Strategy were adopted by the Strategic Planning Sustainability and Transportation Committee on 13th September. However, as a result of continuing discussions with Kent County Council (KCC) the latest revised documents were not subsequently reviewed by the Joint Transportation Board on 13 July 2016 as envisaged. Instead a joint report was presented by the KCC Head of Transportation and the Maidstone Borough Council (MBC) Head of Planning and Development which updated Members with respect to the 7 December 2015 resolution. Further to the JTB resolution of 13 July 2016, MBC will continue to work with KCC towards its joint adoption.

### Number of school journeys undertaken without a car as part of borough wide schemes

Figures for this are published by KM Charity Team. This reflects the objectives set out in the Integrated Transport Strategy in reducing the use of unsustainable transport.

Current Value	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
688					



**Performance Comment:** As this is only the second quarter of monitoring this data we do not have a baseline. There has been a reduction in the numbers from last quarter; however the data still demonstrates a positive modal shift. The reduction in Quarter 2 may be due to the impact of the Summer holidays and new intake of pupils into the schools. The data includes schemes such as walking bus, Active Bug, Green footsteps, and Walk-Once-a-Week.

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



There were 76,300 people employed in the Maidstone economy in 2014 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital. There were 6,885 registered businesses in Maidstone in 2013, equivalent to 43 businesses per 1,000 population, compared to 37 for the United Kingdom and higher proportion of people that are self-employed compared to the South East and to United Kingdom.

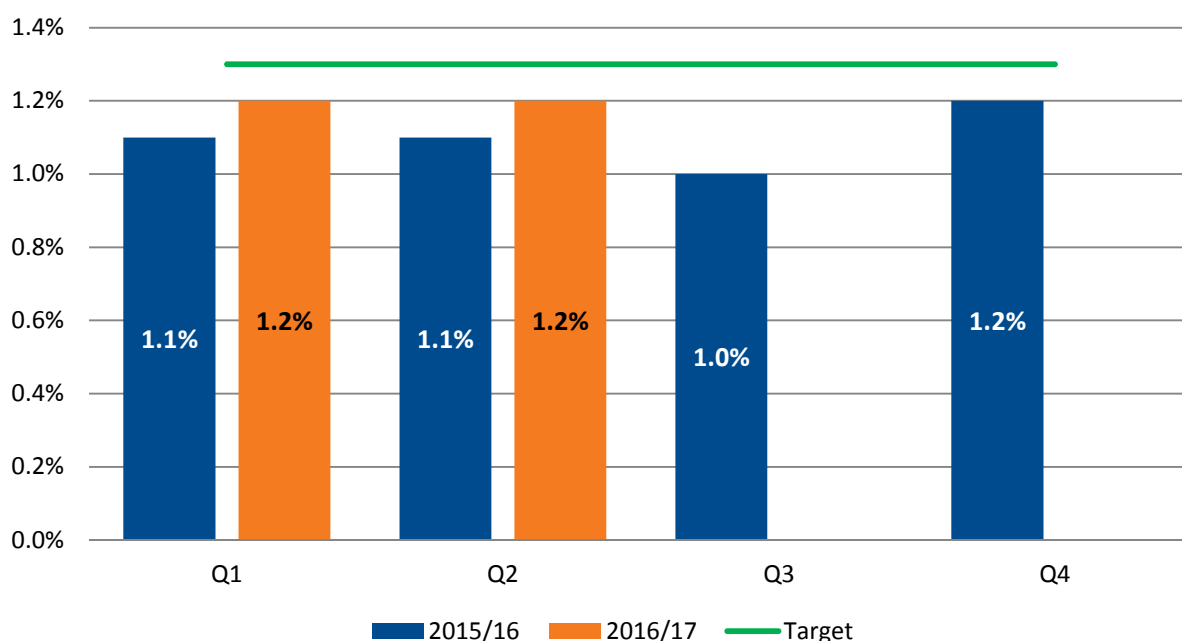
## Economic Development Strategy Update

The former Royal Mail Depot site has now been purchased in the partnership with Kent County Council. A holding strategy is being put in place whilst the master planning work for its comprehensive redevelopment with the adjoining Network Rail land is produced. A Memorandum of Understanding has been signed between all partners and the Government regarding the North Kent Enterprise Zone. Consultants have been commissioned to design the public realm phase 3 works and a HLF bid has been submitted for Gabriel's Hill. A Business and Learning sub group of MEBP has been established to improve careers opportunities and information in schools. An LGF bid has been submitted to fund infrastructure improvements at Junction 7 M20 and nearby roundabouts.

## Percentage of people claiming Out of Work Benefits

Out of Work Benefit claimant count records the number of people claiming Jobseekers Allowance (JSA) and Universal Credit. This indicator is expressed as a proportion of the resident population of the area aged 16 to 64 years old and is provided by the office of National Statistics. A lower figure indicates good performance.

Current Value	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
1.2%	2%	-0.8%			Target will be achieved








**Performance Comment:** September data not available at present.

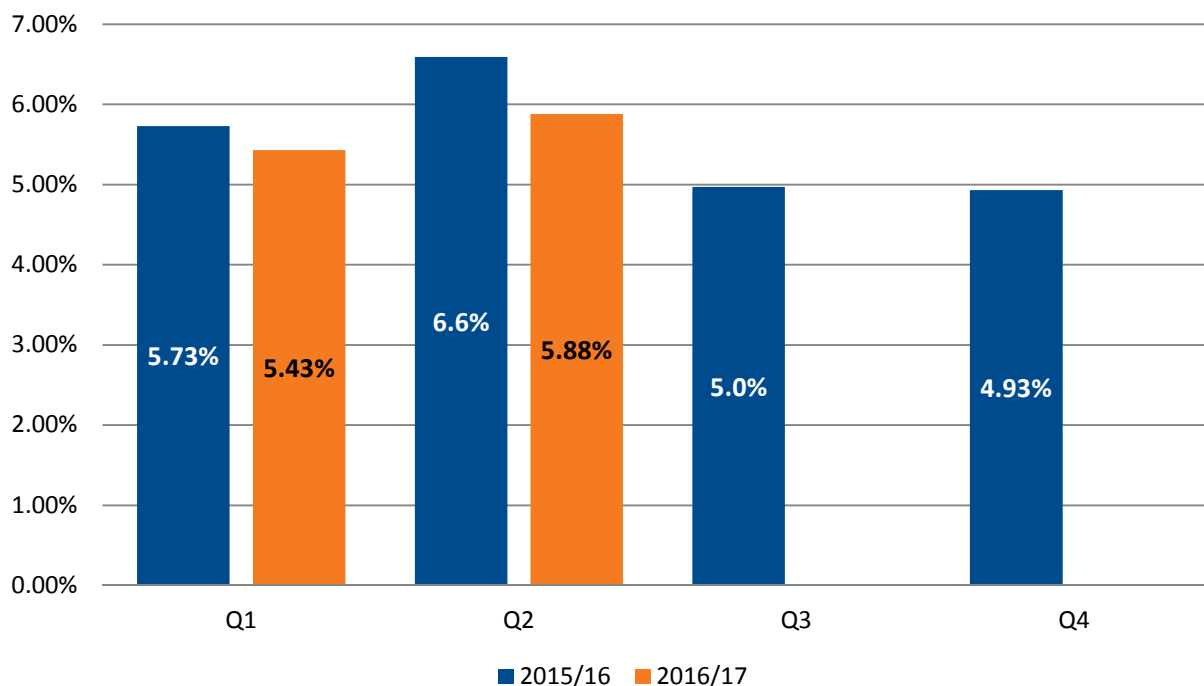
Maidstone continues to have an unemployment rate below the level for England (1.8%). The age group with the highest level of unemployment is 18-24 (2.3%). 1240 people were claiming an out of work benefit in August, showing an 8.3% on the same period 2015/16.



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

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

Current Value	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
5.88%*					

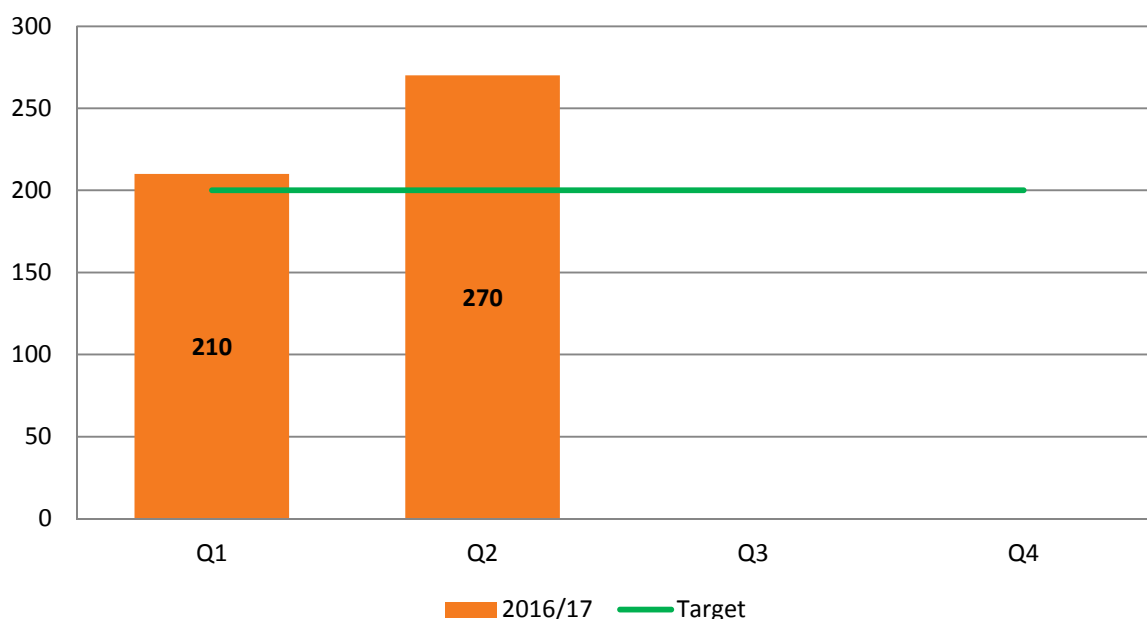


**Performance Comment:** \*Data is for August only, September data has not yet been released. Maidstone is currently fifth out of the twelve Kent authorities for proportion of NEETs. Sevenoaks has the lowest figure at 3.84% and Gravesham has the highest at 7.92%. Maidstone has the fourth lowest proportion of 'unknown' NEETS. These are 16 – 18 year olds where it has not been possible to ascertain their current education or employment status. The increase in NEETs is likely due to the start of the new academic year, and it is expected that this will reduce over the winter months.

### Number of Businesses/Start-ups receiving information, advice, and guidance

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

Current Value	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
270	200	+70	?	✓	Target will be achieved



**Performance Comment:** On track to exceed target. There have been a number of successful workshops leading to further advice and support from advisors who often see the same individual or start-up multiple times.

Many of the contacts are due to an increase in use of Start Up Resource Centre due to specifically designed tweets to increase the number of people using it.

A break down of contacts can be seen below we are hoping to increase the number of Guidance engagements over Information.

Information – 185

Guidance - 74

Advice - 11

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

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

### Local Plan Update

The Maidstone Borough Local Plan examination hearings commenced on 4th October. It is anticipated that the examination hearings will run until December. There are fifteen scheduled hearing days with two additional full days and two additional half-days held as reserve dates. The Government appointed Inspector is Mr Robert Mellor. The Inspector has given detailed consideration to the representations made during the publication consultation in February and March 2016, as well as reviewing the evidence base, and has used these to produce a list of attendees for each session. Matters, Issues and Questions from the Examiner were dealt with by officers and published on 15th September. The remaining Matters, Issues and Questions (relating to the later scheduled hearings) continue to be dealt with by officers and will be sent to the Inspector by 20th October.

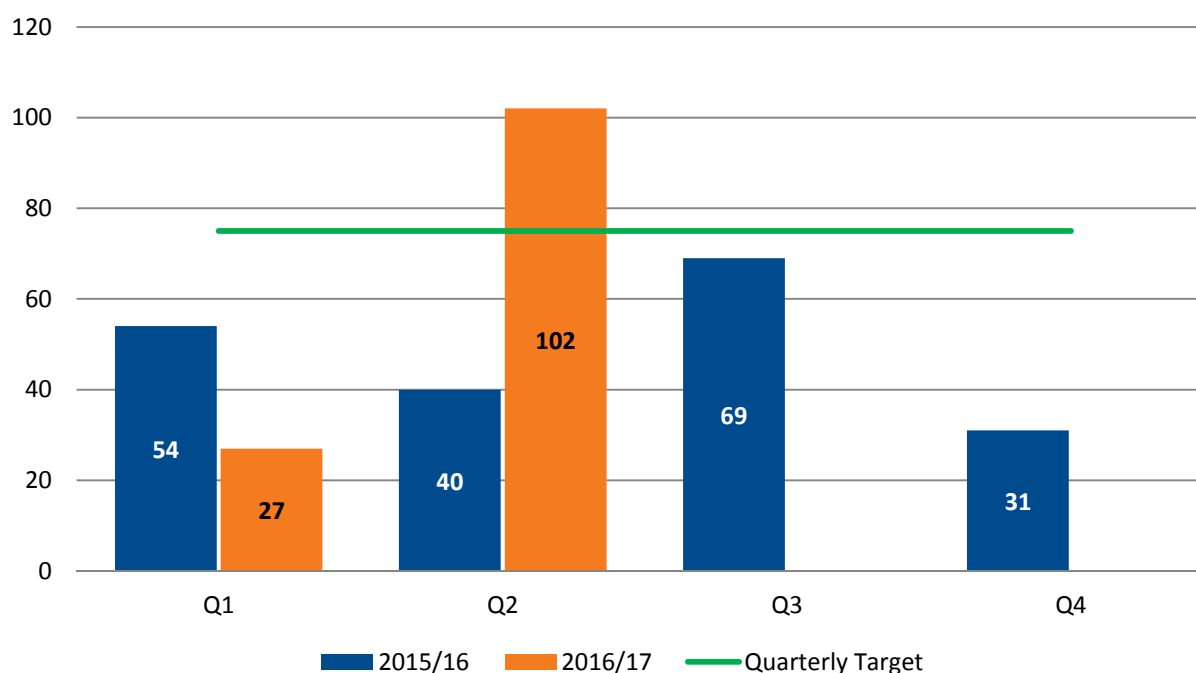
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### Number of households prevented from becoming homeless through the intervention of housing advice

The provision of comprehensive advice plays an important part in delivering the Council's strategy for preventing homelessness in Maidstone. This measure provides an indication of the effectiveness of housing advice given by the Council in preventing homelessness or the threat of homelessness. The annual target is split to give a quarterly target of 75.

Current Value	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
102	75	+27	↑	✓	Target will be slightly missed



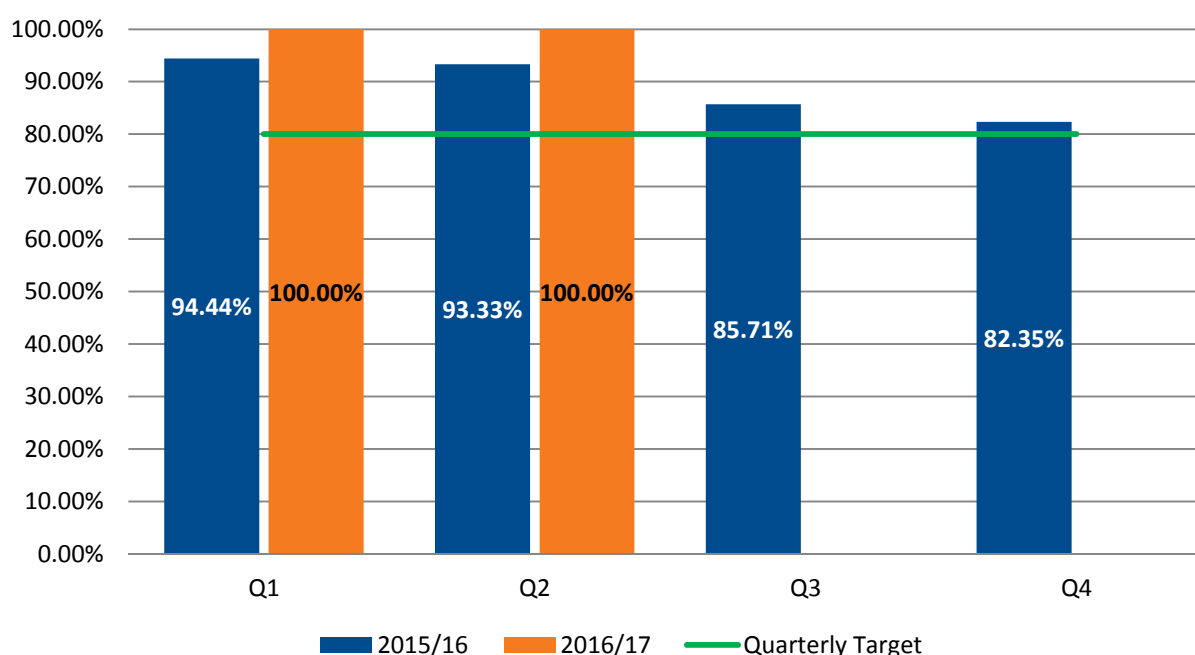
**Performance Comment:** The target for Quarter 2 has been exceeded due to a review of historic and open housing advice and prevention cases, all completed cases were closed. A number of these were homeless prevention cases and these hadn't been included in the previous quarter.

It is necessary to prioritise statutory work over preventative, due not only to the nature of those clients already being homeless, but also in an effort to minimise the spending on temporary accommodation.

### Processing of major planning applications in 13 weeks

This indicator measures the percentage of major planning applications processed within the statutory timescale of 13 weeks, or within timescales agreed with the developer. This has increased importance to central government. Major developments are classified as those providing 10 or more dwellings, or on an area of 0.5 hectares or more where the number of dwellings is unknown. Major applications also include building(s) where floor space is 1000 square metres or more, or the site has an area of one hectare or more.

Current Value	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
100%	80%	+20%	↑	✓	Target will be achieved

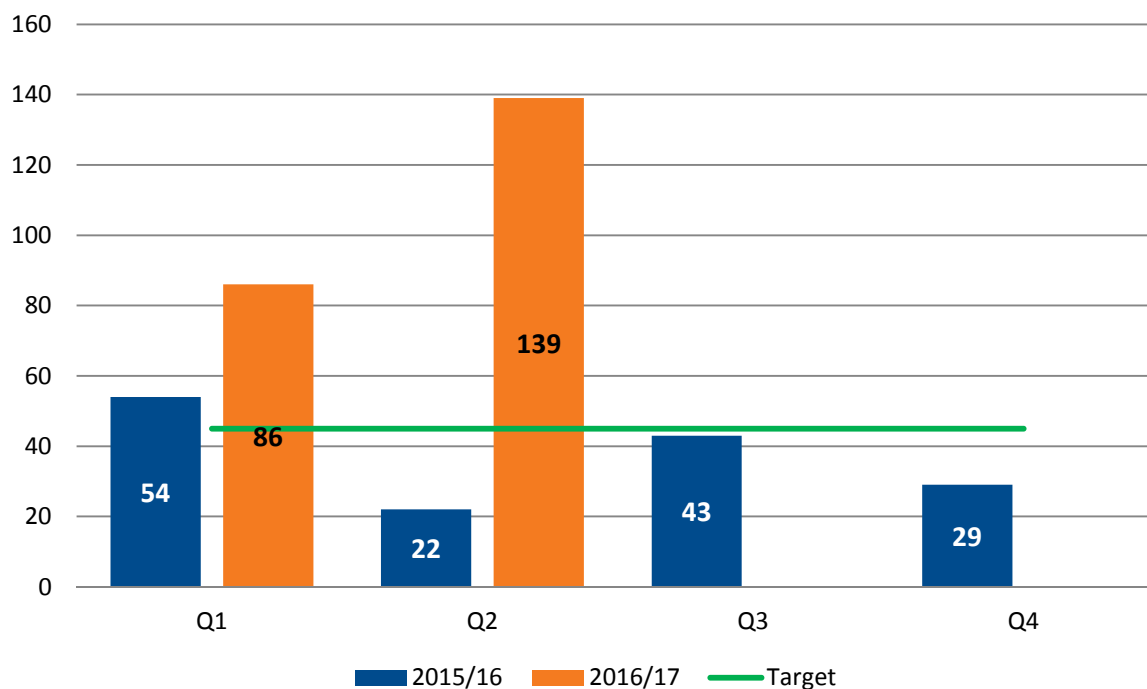


**Performance Comment:** Performance on major applications remains very strong. Q2 has achieved 100% with 28 applications being recorded within agreed timescales. Of these 6 have been determined within the 13 week period and 22 have been determined within an agreed timeframe. The majority of the 22 have been major housing applications which require complex S106 agreements to be negotiated and signed. The figures show how effective officers have been in negotiating and securing extension of time agreements which the developers are willing to sign up to. As a comparison to our neighbouring authority - Swale Borough Council have determined 15 major applications, 14 of which have been within agreed timescales (94%). Again this shows the throughput of major applications with MBC achieving almost double that of its neighbouring authority.

### Number of affordable homes delivered

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

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
139	45	+94	↑	✓	Target will be achieved

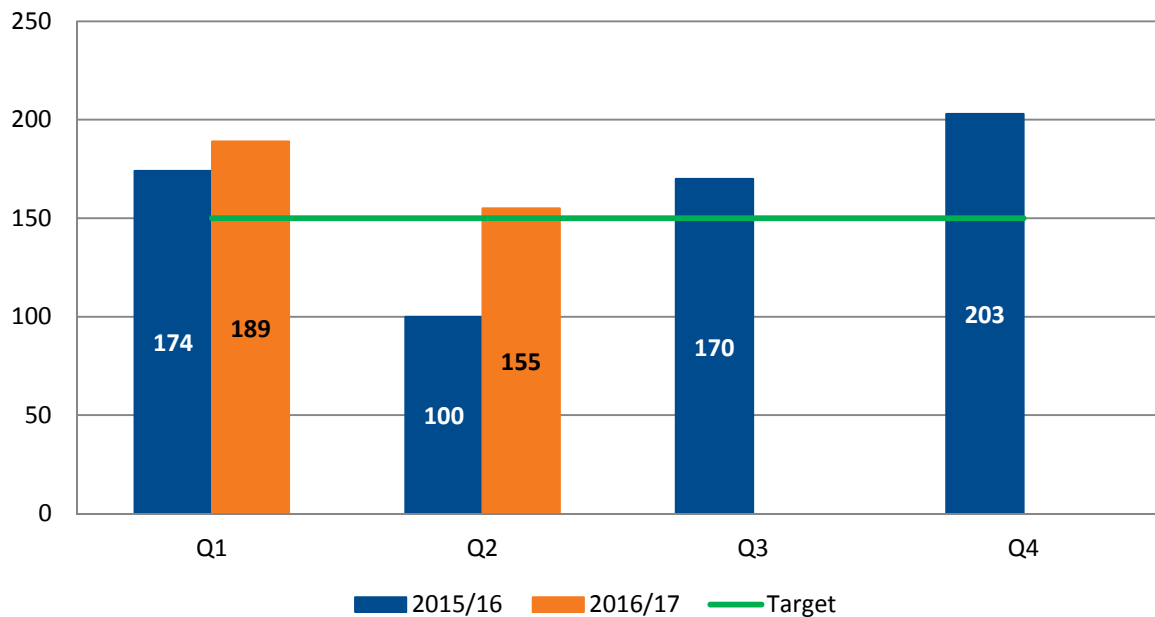


**Performance Comment:** The affordable housing programme for 2016/17 is maintaining a strong supply of newbuild affordable units with several schemes running to forecasted schedules. Performance has been excellent and the annual target has already been exceeded by 45 affordable dwellings at the mid point of the year, with 225 completed so far. According to latest schedules, there are in excess of 300 affordable dwellings forecast for completion by year end.

### Number of households housed through housing register

This is an important indicator, which will help to monitor the number of applicants on the housing register who have been successfully rehoused. This provides a balanced view of the work of the housing service, in addition to the homeless preventions indicator.

Current Performance	Q2 Target	Value Vs Target	Direction	Status	Expected Outcome
155	150	+5	↑	✓	Target will be achieved



**Performance Comment:** The quarterly target has been exceeded and we remain on track to exceed the year end target. This is a 50% increase on the number housed for the same period last year, and has exceeded the quarterly target of 150. This indicator remains on track to exceed the annual target.

2016/17

# Quarter 2 Strategic Plan Action Plan Update



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



## OUR VISION

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

## OUR MISSION

Putting People First.

## OUR PRIORITIES

Keeping Maidstone Borough an attractive place for all

Securing a successful economy for Maidstone Borough



## ACTION AREAS

Providing a clean and safe environment

Encouraging good health and wellbeing

Respecting the character and heritage of our Borough

Ensuring there are good leisure and cultural attractions

Enhancing the appeal of the town centre for everyone

Securing improvements to the transport infrastructure of our Borough

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

Planning for sufficient homes to meet our Borough's needs

## OUR VALUES

### Service



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

### Teamwork



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

### Responsibility



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

### Integrity



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

### Value



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

### Equality



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

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

### Providing a Clean and Safe Environment

Over the past 5 years, Maidstone Borough Council has demonstrated its commitment to deliver cost effective and sustainable waste and recycling services, as a result our recycling rate has improved significantly. Maidstone does not experience high levels of crime.

### Safer Maidstone Partnership Strategic Assessment

#### Adoption of Safeguarding Policy

A report containing the revised policy was reviewed and agreed by Corporate Leadership Team. A report is being taken to Communities, Housing, and Environment Committee with the new policy to be adopted on 18 October.

### Depot Services Development Plan

#### Consider the feasibility of all potential projects

A number of initiatives have been considered and research has been carried out to determine their viability. Two areas, commercial waste and fleet maintenance, have been identified as the most feasible for commercial growth or improved efficiencies and therefore additional support is currently being sought to undertake full reviews into these areas to explore the most viable opportunities. The work is not expected to be complete until early 2017.

#### Identify viable projects

Specifications have been prepared for the two projects which have been identified as feasible both from an operational and financial perspective, in order to gain external support to carry out a full options appraisal. The reviews are due to take place by the beginning of 2017 enabling viable options to be implemented in 2017/18.

### Environmental Enforcement Strategy

#### Increase in FPN littering and dog fouling charges

The littering fixed penalty notice charges have been increased, however the dog fouling charges are proposed to increase to £100 as part of the Public Space Protection Order (PSPO) which the team is preparing for approval by the Communities, Housing and Environment Committee, which will also see plans to require dogs to be on leads in specific areas (i.e. shopping parades) and on request from an officer. The plans are currently out to consultation with the public.

#### **Draft new youth littering engagement programmes**

Analysis of evidence captured by Kingdom Security has shown that very little littering witnessed is by youths and therefore it is not currently proposed to have a specific youth engagement programme. The main form of litter which results in the issuing of a fixed penalty notice are cigarette ends and there is no evidence to suggest there is an issue with under 16s. However the educational programme for littering will continue and is currently focused on Keep Britain Tidy's chewing gum campaign.

#### **Develop a coherent analysis of all environmental data**

The development of environmental data analysis is being incorporated into an action plan for improving the delivery of Environmental Enforcement which will include looking at the resourcing of the service and administration functions.

### **Street Cleansing Mobile Technology Development Plan**

#### **Implementation of a Bin Audit review action plan**

All litter bins have now been given an asset number and work is starting on the removal of all dog waste bins by the end of the financial year. Approximately 60 new litter bins for both litter and dog waste are being installed in areas where dog bins have been removed. Work is also underway to obtain funding to replace the metal litter bins in the town centre which cause rust stains on the granite service and require additional cleansing.

#### **Adoption of vehicle asset management systems**

Mobile tracking now in place through the mobile technology solution. Dash cams also being explored to assess the benefits particularly relating to accidents and insurance claims.

#### **Explore opportunities for dynamic tasking of street cleansing operatives**

Phase 3 of the mobile technology has now been implemented with the allocation of tasks without the need for a supervisor to manually allocate work.

### **MBC Commercial Waste Service**

#### **Achieve 350 business customers**

The service continues to be actively marketed and has now achieved over 380 customers and is reaching capacity with the existing resource. A specification has been drafted and quotations have been sought to undertake a full review of the service and explore the viability of expanding the service further and the requirement of additional investment.

#### **Glass feasibility collection study**

An initial feasibility study was carried out into the provision of glass collections, however the success of the existing service has resulted in further investment being required to continue to grow the existing service. Therefore a review of the service is going to be carried out over the next couple of months to explore the opportunities to maximise income and continue to be competitive within the market. Glass collections will be considered as part of this along with opportunities to extend the service into neighbouring boroughs who have expressed an interest in the service.

### **Encouraging Good Health and Wellbeing**

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

### **Housing Assistance Policy**

#### **Complete stock condition survey**

Discussions are taking place to enable a partnership procurement from the Building Research Establishment to provide the survey at a reduced cost to a number of Kent authorities. Ashford Borough Council is taking the lead and will report back by the year end.

### **Respecting the Character of our Borough**

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

#### **Culture and Heritage**

The project with the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) did not progress as resources were diverted into the preparation and submission of a bid for £2m to the Heritage Lottery Town Scape Initiative Fund for Gabriel's Hill. We have also been accepted to receive a visit from the Urban Panel via Historic England. The RSA remain supportive of the ambition for Maidstone..

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

### **Ensuring there are good Leisure and Cultural Attractions**

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

#### **A sustainable future for Mote Park**

##### **Planning permission obtained for the adventure zone**

Planning application submitted 19th August 2016.  
Planning permission expected by 15th December 2016

##### **Procurement undertaken and contract awarded for the Adventure Zone**

Invitation to tender posted on Kent Portal 12th August 2016. Tenders will all be received by 7th October 2016. We are looking to award contract in December 2016 in line with receiving planning permission.

##### **Business case produced for a new Café/Visitor/Education Centre for Mote Park**

Draft business case has been produced and reviewed by Head of Commercial and Economic Development. Revisions to be made in anticipation of the meeting with Corporate Leadership Team in December 2016. The business case will be used as part of the committee report to be submitted to Heritage Culture and Leisure Committee January 2017.

##### **Funding bid submitted to Heritage Lottery Fund and/or other bodies**

The Mote Park Centre is fully funded by the council to the value of £2.5m and will be progressed using project management toolkit with an opening date of summer 2018. Any additional funding will be secured from a range of sources subject to justifiable need.

### **Play Area Improvements Programme**

##### **Complete year one programme of works**

Year one, phase one completed successfully. Phase two will commence after summer.

##### **Assess performance of contractor on year one programme**

Performance assessed and current contractor will continue to phase 2.

#### **Retender or Award phase 2 contract**

Phase 2 contract was awarded in September 2016 after the phase 1 review. The terms of the contract are currently being agreed.

### **Parks and Open Spaces 10 Year Development Plan**

#### **Develop Draft Plan**

Draft plan to go to Heritage, Culture and Leisure Committee November 2016.

#### **Consultation with key stakeholders**

This will be arranged following feedback from Heritage, Culture, and Leisure Committee.

#### **Adoption of Plan**

Adoption will follow once the draft has been to Heritage, Culture, and Leisure Committee.

### **Museum Development Plan**

#### **Capital works completed in East Wing reception**

This project was successfully completed in April 2016. The reception desk was successfully relocated and adjustments made to the retail and Visitor Information areas to improve their layout and impact.

#### **Draft Museums 20 year development plan produced with the Museums strategic development board**

The Museum Strategic Board is now established and has had its first meeting at which members of the Board were given an overview of the museum's current position, the risks and opportunities and the current vision for forward movement in the next 20 years. 3 areas were identified as priority for the museum's sustainability - Museum governance, funding and audiences. The panel is made up of the Leader of the Council, the Chair of HCL committee, Chair of Maidstone Museums Foundation, Partnership Manager Arts Council England, Museums Development Officer Kent and Medway and 2 Kent Ambassadors each with a background of senior management in industry or 3rd sector organisations. The Board will next meet in November. A consultant has been selected and is about to be appointed to carry out a review of museum governance which will inform the 20 year Development Plan and work outlined in the museum's Capital Works programme has begun.



## Enhancing the Appeal of the Town Centre

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

### Town Centre Development Plan

#### **Establish Maidstone Town Centre Strategic Advisory Board**

The Board was established in February 2016. Meetings are held quarterly, and the terms of reference have been agreed.

#### **Agree 5 year programme of public and private investment**

Programme was presented to Policy and Resources Committee and was agreed.

#### **Work with capital and Regional to deliver an improved retail and leisure offer in The Mall in 2016**

Maidstone Borough Council (MBC) officers continue to meet with Capital & Regional on a monthly basis. At these meetings, a range of strategic issues are discussed, to include the redevelopment/extension of the Gabriel's Hill end of the Mall, for further retail and some leisure space too. MBC has already made a proactive move in acquiring Granada House, as this will in the fullness of time facilitate the redevelopment, and it is apparent that this move was welcomed by Capital & Regional. From the meetings it is clear that Capital & Regional are working on land assembly opportunities in the vicinity to further facilitate the redevelopment, but these explorations have not reached a positive conclusion yet. It is also reasonable to say that the BREXIT vote did in the short term cause some turbulence to the investment appetite of most commercial property companies. This may have had an impact upon the speed at which Capital & Regional have pursued expansion at the Mall, but in this respect, it's possible that market sentiment is starting to settle again. In summary, they will not make a planning application this year, and late 2017 would seem the earliest that this is likely to happen.

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

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

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

#### The Local Plan

##### **Submission of Maidstone Borough Local Plan to the Secretary of State for Independent Examination**

The Maidstone Borough Local Plan was submitted to the Secretary of State on 20th May 2016.

##### **Public consultation on the draft Community Infrastructure Levy Charging Schedule**

Strategic Planning, Sustainability and Transportation Committee resolved to publish the Draft Charging Schedule, Draft Regulation 123 List and Draft Instalments Policy for consultation at the meeting on 12 July and consultation took place between 5 August and 16 September.

##### **Adoption of the Integrated Transport Strategy by Strategic Planning Sustainability & Transport Committee (and Full Council)**

Following the request for minor changes to the documents by the Strategic Planning Sustainability and Transportation Committee on 6th July the revised Integrated Transport Strategy and the Walking and Cycling Strategy were adopted by the Strategic Planning Sustainability and Transportation Committee on 13th September. However, as a result of continuing discussions with Kent County Council the latest revised documents were not subsequently reviewed by the JTB on 13 July 2016 as envisaged. Instead a joint report was presented by the KCC Head of Transportation and the MBC Head of Planning and Development which updated Members with respect to the 7 December 2015 resolution. Further to the JTB resolution of 13 July 2016, MBC will continue to work with Kent County Council towards its joint adoption.



### **Submission of the Community Infrastructure Levy Charging Schedule to the Secretary of State for Independent Examination**

Strategic Planning, Sustainability and Transportation Committee's approval for minor changes to the Draft Regulation 123 List will be sought on 11th October together with their recommendation to Full Council to approve the Draft Charging Schedule and revised Draft Regulation 123 List for submission for examination which is timetabled for December 2016/January 2017.

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

There were 76,300 people employed in the Maidstone economy in 2014 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital. There were 6,885 registered businesses in Maidstone in 2013, equivalent to 43 businesses per 1,000 population, compared to 37 for the United Kingdom and higher proportion of people that are self-employed compared to the South East and to United Kingdom.

### **Economic Development Strategy Update**

The former Royal Mail Depot site has now been purchased in the partnership with Kent County Council. A holding strategy is being put in place whilst the master planning work for its comprehensive redevelopment with the adjoining Network Rail land is produced. A Memorandum of Understanding has been signed between all partners and the Government regarding the North Kent Enterprise Zone. Consultants have been commissioned to design the public realm phase 3 works and a HLF bid has been submitted for Gabriel's Hill. A Business and Learning sub group of MEBP has been established to improve careers opportunities and information in schools. An LGF bid has been submitted to fund infrastructure improvements at Junction 7 M20 and nearby roundabouts.

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

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

### Treat large scale major planning applications cumulatively as a project

#### Set a Pricing Structure

A draft pricing structure for the new Planning Performance Agreement (PPA) has been produced which has been agreed in principle by the Head of Planning and requires verification from the Director. Following this, the fees would require approval in the normal way. This sets a combined pricing structure for pre application discussions, meeting with members, signing of a PPA agreement (which agrees the project management of the application) for a set fee. This consists of £3,500 for small scale major (50 units plus or 2,500 sqm commercial floor space) and £5,000 for large scale major (100 units plus or 5,000 sqm commercial floor space). The customer is then entitled to a number of pre application meetings, a member briefing and a completed PPA. This fee excludes the planning fee and fees negotiated through the PPA for specialist staff involvement i.e viability reviews/ES reviews etc.

Fees have also been raised by 5% across the service to cover the standard pre application fees and a new category introduced which covers member reviews (£509).

#### Set a template S106 agreement with standard heads of terms

A specimen draft S106 has been produced and is available for customers to review from the MBC website. This contains MBC' standard clauses and will enable developers to have a "head up" on the clauses we use. All Developer forum members were notified of its availability. A protocol is also being produced between Development Management (DM) and MKLS to cover the timely delivery of information necessary to deliver the S106. This will commit both DM and MKLS to meeting set time frames for progression of S106 agreement e.g production of first draft of S106 within 15 working days of instruction to MKLS. This document is currently in draft form and is expected to be agreed shortly.

#### Setting a standardised Planning Performance Agreement for future developments

A draft PPA template has been produced and feedback from officers is currently being incorporated into the template. Once all relevant feedback on the template has been received the PPA will be piloted. The fees associated with the PPA have been included on the Fees and Charges list put forward for 17/18. This provides a combined pricing structure for pre application discussions, meeting with members, signing of a PPA agreement (which agrees the project management of the application). This set fee consists of £3,500 for small scale major (50 units plus or 2,500 sqm commercial floor space) and £5,000 for large scale major (100 units plus or 5,000 sqm commercial floor space). This fee excludes the planning fee and fees negotiated through the PPA for specialist staff involvement.

#### **Migration of all historic S106 data into a new system**

All historic S106 data has been successfully migrated into the test Exacom system. A few minor changes are being made by IT regarding the nightly update to the Exacom system from Uniform. Once this issue has been resolved the updates will be automated into the live system.

### **Housing Assistance Policy**

#### **Complete stock condition survey**

Discussions are taking place to enable a partnership procurement from the Building Research Establishment to provide the survey at a reduced cost to a number of Kent authorities. Ashford Borough Council is taking the lead and will report back by the year end.

# Agenda Item 14

## Policy and Resources Committee

**23 November 2016**

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

**No**

## Council Tax and Business Rates – Projected Collection Fund Surplus / Deficit for 2016/17

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Mark Green, Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet, Chief Accountant
<b>Classification</b>	Public
<b>Wards affected</b>	All

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

1. That the committee agrees the 2016/17 Council Tax projection detailed in Appendix I of this report and as a result agree the distribution of the surplus set out in paragraph 4.7.
2. That the committee agrees the 2016/17 Business Rates projection detailed in Appendix II of this report and as a result note the distribution of the surplus set out in paragraph 4.11.

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

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

The surplus / deficit on collection of Council Tax and Business Rates is taken into account in setting the budget requirement for the following year.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy & Resources	23 November 2016
Council	1 March 2017

# **Council Tax and Business Rates – Projected Collection Fund Surplus / Deficit for 2016/17**

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

- 1.1 This report details the anticipated balances (surplus or deficit) on the Collection Fund as at 31 March 2017 from Council Tax and Business Rates collection. The distribution of balances to precepting authorities is an important part of their budget calculation and a decision at this time enables timely advice to those authorities. It also enables timely consideration in relation to the council's own budget strategy for the coming financial year.

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 As a billing authority, this council has a statutory obligation to maintain a Collection Fund for transactions relating to the collection of Council Tax and Business Rates from taxpayers and distribution to preceptors.
- 2.2 The regulations provide that, in estimating a surplus or deficit on the Collection Fund at the end of the year, account is taken of any difference between the amount estimated for the previous year and the amount shown as the surplus/deficit for that year in the accounts. Surpluses and deficits will be calculated separately for council tax and business rates.
- 2.3 These balances (surplus or deficit) will be distributed between the billing authority, ie Maidstone Borough Council, and major preceptors during 2017/18. The amounts are apportioned on the basis of the billing authority's demand, and each major precepting authority's precept, based on their respective band D council tax bases to which the estimate relates i.e. the amounts to be distributed during 2017/18 will be apportioned using the 2016/17 demand and precept amounts.

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## **3. AVAILABLE OPTIONS**

- 3.1 It is recommended that the committee agrees the projections in paragraph 4.7 and Appendix I for Council Tax and 4.11 and Appendix II for Business Rates.
- 3.2 It is a statutory requirement that any adjustment be calculated annually and the committee cannot choose to ignore this decision.
- 3.3 The committee could choose to vary the figures used in the estimate provided within the appendices. However, these are based on data from the revenues system, projections developed from past experience and known factors. They are considered to represent a reasonable basis for estimating the position on the collection fund at 31 March 2017.

- 3.4 Should the committee choose to vary the data and distribute a different surplus or deficit this could affect the balance on the collection fund and the council's cash flows.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 Committee members will be aware that this council is required to maintain a collection fund which accounts for all local tax payments for council tax and business rates. The income into the fund is used to pay precepts to Kent County Council, Kent Fire Authority, Kent Police (Council Tax only), Central Government (Business Rates only) and the equivalent requirement of this Council which includes the local Parish Precepts.
- 4.2 For proper maintenance of the Collection Fund, it is necessary to assess, on an annual basis, the projected balance as at 31 March of each year. Any balance, either positive or negative, must be taken into account in the following financial year. Under the Statutory arrangements for the Collection Fund, the balance remaining does not become a credit or charge on this Council but requires it to be distributed proportionately across the preceptors.

##### **Council Tax**

- 4.3 A projection for 31 March 2017 based on the current position is provided at Appendix I. This appendix details the precepts and demands on the fund totalling £94,980,423.
- 4.4 Appendix I also details the current position regarding council tax bills dispatched, incorporating exemptions and discounts. Total income is now anticipated to be £94,574,226; therefore a deficit of £406,197 is anticipated for 2016/17. The forecast deficit has arisen as a consequence of an over distribution in the current year of the surplus forecast at this point last year. This includes a provision for non-collection of council tax income based on an estimate on the level of uncollectible debt. Increases in the value of discounts awarded to single persons and council tax support have also been observed through comparing the current position to the previous year.
- 4.5 In previous years, the collection fund has produced a surplus, due mainly to the continuing increase in properties on the valuation list. The council tax surplus brought forward at the beginning of the year, ie as at 31 March 2016, was £1,764,204. The predicted outturn at this time last year was £1,016,915 and this value was taken into account in setting the Council Tax for 2016/17. The position at the beginning of 2016/17 was therefore even better than expected. This resulted from a lower than anticipated take-up of discounts, and a lower level of bad debt provision being required at year end compared to the forecast. There is therefore a favourable balance of £747,289 resulting from an under distribution in 2015/16.
- 4.6 As a result, the favourable outturn for 2015/16 offsets almost entirely the adverse outturn now expected for 2016/17. In total, Appendix A estimates that there will be a net surplus on the collection fund for 2016/17 of

£341,122.

- 4.7 In line with the Local Government Finance Act 1992 it is necessary to declare the distribution of any surplus or deficit on the collection fund and for this reason it is recommended that the surplus be distributed as set out in the table below. This apportions the surplus in line with the preceptors' share of the council tax as detailed below:

<b>Preceptor</b>	<b>£</b>
Maidstone Borough Council	55,972
Kent County Council	238,012
Kent Police Authority	31,993
Kent and Medway Towns Fire Authority	15,144
<b>Total projected Surplus/share as at 31 March 2016</b>	<b>341,122</b>

*Table 1 – Council Tax*

### **Business Rates**

- 4.8 The committee will be aware of the business rates retention scheme which came into effect on 1 April 2013. This introduced the distribution of business rates via the collection fund in a similar way to council tax. Under the previous system, income was pooled and distributed nationally by the government. Precepts for business rates are determined prior to the start of a financial year based on fixed percentages applied to estimated income. The income realised within the collection fund is then distributed in the following two financial years (based on estimates in the following year and actuals in the subsequent year).
- 4.9 The current position regarding business rates for 2016/17 is projected to 31 March 2017 in Appendix II. As at 31 March 2017 the collection fund for business rates is estimated to have an in-year surplus of £3,814,887 for business rates relating to the financial year 2016/17, to be distributed to preceptors in 2017/18. This is in contrast to the deficit at 31 March 2016, which is explained in more detail at paragraph 4.10 below.
- 4.10 The actual outturn at the beginning of the year, as at 31 March 2016, has however been a deficit of £6,994,971. The predicted outturn in January 2016 was a surplus of £2,536,732. There is therefore a deficit of £9,531,703 to be shared amongst preceptors. The variance was attributable to a significant number of appeals which resulted in an increase in the provision for appeals. This has already been reported to central government and preceptors. Sufficient resources were set aside when closing our accounts in 2015/16 to cover this council's share of the deficit. This increase in appeals arose as a consequence of legislative change, and the trend has not continued in the current year.
- 4.11 The total deficit on the collection fund for business rates of £5,716,816 will be recovered from preceptors as set out in the table below, by applying the central and local share percentages set by the government.

<b>Preceptor</b>	<b>£</b>
Central Government (50%)	-2,858,408
Maidstone Borough Council (40%)	-2,286,726
Kent County Council (9%)	-514,513
Kent & Medway Fire Authority (1%)	-57,168
<b>Total</b>	<b>-5,716,816</b>

4.12 Since the beginning of the new system the government has utilised a number of incentives to assist businesses such as small business rates exemptions and limiting business rates increases to 2%. These have a direct impact on the collection fund by reducing the value of business rates collected. The council is reimbursed for some of these reliefs through section 31 grants external to the collection fund.

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

5.1 The collection fund surplus (Council Tax) and deficit (Business Rates) will inform the budget setting process in calculation of the budget requirement.

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## **6. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The estimated collection fund surplus or deficit is taking into account in setting the budget requirement for the year and therefore informs the medium term financial strategy.	Section 151 Officer
<b>Risk Management</b>	The calculation of the balance on the Collection Fund at 31 March 2016 could be incorrect and a significant deficit could arise. This would be recouped from the various preceptors and the Council in 2016/17. During the interim period, the deficit would also affect the Council's cash flow.  Monthly monitoring of collection rates and growth seen in the tax base over recent years help the Council to mitigate this risk.	Section 151 Officer
<b>Financial</b>	The results of this decision affect the overall budget strategy process and therefore	Section 151 Officer



	the pressure on the council tax requirement in creating a balanced budget.	
<b>Staffing</b>	No direct impact	N/A
<b>Legal</b>	Billing authorities are required by the Local Authorities (Funds) (England) Regulations 1992 to estimate any surplus/deficit on their collection fund for the year.	Interim Head of Mid Kent Legal Partnership
<b>Equality Impact Needs Assessment</b>	No direct impact	N/A
<b>Environmental/Sustainable Development</b>	No direct impact	N/A
<b>Community Safety</b>	No direct impact	N/A
<b>Human Rights Act</b>	No direct impact	N/A
<b>Procurement</b>	No direct impact	N/A
<b>Asset Management</b>	No direct impact	N/A

## 7. REPORT APPENDICES

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

- Appendix I: Council Tax projection to 31 March 2017
- Appendix II: Business Rates projection to 31 March 2017

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## 8. BACKGROUND PAPERS

None

**Maidstone Borough Council**  
**Policy & Resources Committee**  
**23 November 2016**  
**Collection Fund 2016/17 - Council Tax Adjustment**

	£	Approx %
<b><u>Demands on the fund</u></b>		
Maidstone Borough Council budget requirement	15,581,938	16.41%
Kent County Council (including adult social care charge)	66,280,016	69.78%
Kent Police Authority	8,904,640	9.38%
Kent and Medway Towns Fire Authority	4,213,829	4.44%
<b>Council Tax requirement</b>	<b>94,980,423</b>	<b>100.00%</b>
<b><u>Debit raised</u></b>		
Charges raised	114,587,337	
Less Disabled Relief	-79,456	
Discounts	-16,462,472	
Other reductions & exemptions	-2,515,887	
	95,529,522	
Less Provision for bad and doubtful debts	955,295	
Projected Council Tax Income	94,574,226	
<b>Projected deficit for the year</b>	<b>-406,197</b>	

<b><u>Utilisation of fund balance</u></b>	£
Actual Surplus at 31 March 2016	1,764,204
Less anticipated surplus (2015-16 Estimate)	1,016,915
	747,289
Add Projected Deficit 2016-17	-406,197
<b>Projected Surplus at 31 March 2017</b>	<b>341,092</b>

<b><u>Distribution of surplus</u></b>		
Maidstone Borough Council	55,972	16.41%
Kent County Council	238,012	69.78%
Kent Police Authority	31,993	9.38%
Kent and Medway Towns Fire Authority	15,144	4.44%
<b>Total projected Surplus share as at 31 March 2017</b>	<b>341,122</b>	<b>100.00%</b>

**Maidstone Borough Council**  
**Policy & Resources Committee**  
**23 November 2016**  
**Collection Fund 2016/17 - Business Rates Adjustment**

**Estimated non-domestic rates income 2016/17**

	<b>£</b>
Central Government	30,073,473
Maidstone Borough Council	24,058,778
Kent County Council	5,413,225
Kent Fire Authority	601,469
<b>Total</b>	<b><u>60,146,945</u></b>

**Estimated surplus / deficit at 31 March 2017**

	<b>£</b>
Opening balance	612,939
Gross rates payable in respect of 2016/17	69,232,734
Less: Mandatory reliefs	-7,493,090
Discretionary reliefs	-207,501
Total charges	-58,330,195
<b>Projected surplus for the year</b>	<b><u>3,814,887</u></b>

<b><u>Utilisation of fund balance</u></b>	<b>£</b>
Actual deficit at 31 March 2016	-6,994,971
Less anticipated surplus	2,536,732
	<u>-9,531,703</u>
Add projected surplus 2016/17	3,814,887
<b>Projected deficit at 31 March 2017</b>	<b><u>-5,716,816</u></b>

<b><u>Distribution</u></b>	<b>£</b>	
Central Government	-2,858,408	50%
Maidstone Borough Council	-2,286,726	40%
Kent County Council	-514,513	9%
Kent Fire Authority	-57,168	1%
<b>Total</b>	<b><u>-5,716,816</u></b>	<b>100%</b>

# Agenda Item 15

## Policy and Resources Committee

**23<sup>rd</sup> November 2016**

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

**No**

## Council Tax Reduction Scheme 2017/2018

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Stephen McGinnes, Director Mid Kent Services
<b>Lead Officer and Report Author</b>	Stephen McGinnes, Director Mid Kent Services
<b>Classification</b>	Public
<b>Wards affected</b>	All

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

1. 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); that the Committee recommends to Council that the council tax reduction scheme be amended to reflect the changes identified at point 4.

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

- Great People
- Great Place
- Great Opportunity

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	23 <sup>rd</sup> November 2016
Council	7 <sup>th</sup> December 2016

# Council Tax Reduction Scheme 2017/2018

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report provides the outcome of the public consultation on proposed changes to the council tax reduction scheme and an updated equality impact assessment, which members are required to consider in making recommendation on the scheme to be implemented from April 2017.
- 1.2 Council Tax Reduction provides financial assistance in the form of a rebate on the council tax bill to approx. 9000 low income households, at a total cost of £8.8m per year.
- 1.3 Prior to the localisation of the scheme in 2013 the cost of this support was met in full through an annual grant from the Department for Work and Pensions. Since that point funding has been incorporated within the council's revenue support grant which has seen year on year reduction and will be fully withdrawn from April 2017. Maidstone BC's share of the cost of the scheme is approximately £1.3m.
- 1.4 In considering any amendment to the current scheme the council needs to balance this reduction in funding with the need to support low income households and the wider interest of the council tax payer.

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## 2. INTRODUCTION AND BACKGROUND

- 2.1 At the meeting of the Policy and Resources Committee on the 26<sup>th</sup> October 2016 members sought clarification regarding the following points to assist in decision making.
  - The financial impact of the different options (Appendix A)
  - The cumulative impact of changes (Appendix A)
  - Possible changes to the recommendation following further analysis of the impact (paragraph 4.1)
  - Any unintended impact in relation to homelessness (paragraphs 4.2 & 4.5)
  - Comparison with other boroughs within Kent (Appendix E)
- 2.2 In response to that request the impact of proposed changes has been reviewed and the recommendations amended to reflect the concerns of the committee. The reasons for change are set out within the

body of the report, with details of impact and cumulative impact set out within Appendix A.

2.3 Council Tax Reduction (CTR) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for the Council Tax Benefit (CTB) scheme administered on behalf of the Department for Work and Pensions (DWP).

2.4 As part of its introduction, Central Government set out a number of key elements:

The duty to create a local scheme for Working Age applicants was placed with Billing Authorities;

Funding was reduced by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme; and

Residents of Pension Age, although allowed to apply for CTR, would be 'protected' from any reduction in support through regulations prescribed by Central Government.

2.5 Across Kent, a common 'platform' approach was adopted for the design of local schemes, with the new schemes broadly replicating the former CTB scheme but with a basic reduction in entitlement for working age claimants. In Maidstone, working age claimants must pay at least 13% of the council tax liability. The figure of 13% represented the 10% funding loss applied to the working age caseload across Kent. In other parts of Kent, the percentage varies.

2.6 Since its introduction in April 2013, our local scheme has been 'refreshed' annually for data changes, but the core elements remain as were originally agreed.

2.7 As mentioned above, the scheme is 'underpinned' by the Kent-wide agreement, which recognises that all the Kent districts (as the billing authorities) will seek to have a common 'platform'. The original three year period of that scheme ceased on 31 March 2016, but as reported to Committee in September 2015, it was agreed with Kent County Council, Kent Police and Kent and Medway Fire & Rescue that the scheme would effectively 'roll on' for one more year (i.e. into 2016/17).

2.8 With funding for the scheme through Revenue Support Grant (RSG) subject to further cuts as part of the reductions in local government finance settlements, a greater share of the cost burden has continued to fall on billing authorities and the other major precepting bodies. From April 2017 Maidstone will receive no RSG from central

government in relation to the cost of the scheme. This has been one of the main catalysts for the scheme to be reviewed.

- 2.9 To review the scheme a group of finance officers from the Kent districts and major precepting authorities worked together to set objectives for the review which were agreed to be:

Having regard to the reductions in grant and the financial pressures facing the council, to make the scheme less costly (if possible) and more efficient in terms of its operation; and

Having regard to the impact such changes may have on vulnerable residents.

- 2.10 Following consideration of a range of options all of the districts in Kent, with the exception of Medway, consulted on similar amendment to their scheme. Details of the recommendations being made across the county are included within Appendix E.

- 2.11 It is worth noting that all districts are recommending a reduction in the maximum level of support (option 1) and making changes to align their scheme with wider welfare system (options 2,3,5,11 and 12). The remaining options are being implemented in most Kent districts with the exception of child maintenance (option 8) which is only being considered by two other districts.

- 2.12 Whilst the council is required to confirm its CTR scheme annually, the intention would be for any revised scheme agreed for 2017/2018 to remain in place for a period of 3 years.

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### **3. AVAILABLE OPTIONS**

- 3.1 Following a consideration of a range of options (reported to P&R Committee 29th June 2016) the committee decided that the most practical option would be to maintain a scheme similar to our current scheme and consult on possible adjustments to make it more affordable.

- 3.2 The primary reasoning being that;

It is known to our claimants and it largely mirrors the housing benefit (HB) system, reducing complexity;

The councils systems are adapted for this type of scheme, the changes can therefore be implemented with little additional cost; and Benefit staff are familiar with the administration of this type of scheme and, as it is.

### 3.3 Having completed that consultation the council can decide to :

Do nothing – maintain the existing CTR scheme without making any changes with the reduction in funding to be met through other service changes.

The council currently has a savings target of £4.1m over the next 4 years in order to meet the wider reduction in grant income. Making the proposed changes contribute £133,000 per annum to that savings requirement.

### 3.4 Amend the existing CTR – The council has identified and consulted on 13 possible changes to its scheme, as summarised at 4.1. The council could implement all of the changes identified or any combination of changes.

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## 4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

### 4.1 Given the financial challenge facing the council it is recommended that the council implements the changes set out below, with the financial impact of each change set out within appendix A. Proposals no longer recommended, as compared with the recommendations in the original report to Policy and Resource Committee, are indicated by 'reject' in the recommendation column.

	Recommendation	Reason
<b>Option 1</b> - Reducing the maximum level of support for working age applicants from 87% to 80%	Implement	Change will increase the minimum contribution across all working age households.  Consultation findings support change.
<b>Option 2</b> - Removing the Family Premium for all new working age applicants	Implement	Change related to new claims for support and is to align the CTR with changes within the wider welfare system.  Consultation findings support change.
<b>Option 3</b> - Reducing backdating to one month	Reject	Backdated awards are only granted where good cause is shown for the delay in claiming. Restricting the period claims can be backdated could disproportionately impact on disabled residents and those residents requiring assistance to claim.



<b>Option 4</b> - Using a minimum income (notional income) for self-employed earners after one year's self-employment	Implement	<p>Residents that are unable to earn a reasonable income through self employment (equivalent to 35 hrs at minimum wage) following 12 months of trading should be encouraged to seek paid employment in order to become more financially independent.</p> <p>Allowances to be made for customers with caring responsibilities that prevent 35hrs work.</p> <p>Consultation findings support change.</p>
<b>Option 5</b> - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks	Implement	<p>To align the CTR with the wider welfare system</p> <p>Consultation findings support change.</p> <p>Scope to address exceptional cases of vulnerability through hardship scheme (option 13)</p>
<b>Option 6</b> - Reducing the capital limit from the existing £16,000 to £6,000	Implement	<p>Capital limit of £6000 represents a reasonable amount to be held in savings for emergencies. (3 months income)</p> <p>With a significant number of residents believed to hold less than £6000 savings, any higher allowance could be perceived as unfair to those residents meeting the cost of the scheme through their council tax.</p> <p>Consultation findings support change.</p>
<b>Option 7</b> - Introducing a standard level of non-dependant deduction of £10 for all claimants who have non-dependants resident with them.	Implement	<p>A single rate of deduction provides an incentive to take employment and increase income, with no increased contribution required as earnings increase.</p> <p>A standard deduction is less intrusive with no evidence of income required for other household members, also easing administration for the council.</p> <p>Consultation findings support change.</p>
<b>Option 8</b> – Taking any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction	Reject	<p>Levels of child poverty are projected to increase as a result of wider welfare reform changes.</p> <p>Introducing child maintenance as income within the calculations of CTR on top of those changes would contribute to higher levels of child poverty. (See 4.2)</p>

<b>Option 9</b> - Restricting the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge	Implement	99% of residents in receipt of CTR and 71% of all residents live in a property in band D or below.  Subsidising council tax charges above the value of band D could be perceived as unfair to those residents meeting the cost of the scheme through their council tax.
<b>Option 10</b> – Removing Second Adult Reduction from the scheme	Implement	Second adult rebate does not consider the means of the main householder to meet the council tax liability. Where the main householder is on a low income they would be able to claim independently for CTR.
<b>Option 11</b> - Removing the work related activity component in the calculation of Council Tax Reduction	Implement	Change brings CTR in line with wider welfare system.  Consultation findings support change.
<b>Option 12</b> - Limiting the number of dependent children within the calculation for Council Tax Reduction to a maximum of two	Implement	Change brings CTR in line with wider welfare system, with change applied to new claims only.  Promotes fairness and balance with interest of wider council tax payer.  Consultation findings support change.
<b>Option 13</b> – Introducing a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship	Implement	Provides flexibility to safeguard cases of exceptional hardship. Detailed policy for the award of such support will be separately reported to the committee for consideration.  Consultation findings support change.

#### 4.2 Wider Impact - The Institute for Fiscal Studies forecast that if national policy remains unchanged with regards to planned cuts to benefits projected trends in absolute poverty diverge significantly between different groups.

Child poverty is an area of particular concern, projected to increase from 15.1% in 2015–16 to 18.3% in 2020–21. This increase is expected to be driven entirely by a sharp rise in poverty among families with three or more children, which is itself the result of planned tax and benefit reforms.

- 4.3 Whilst any reduction in CTR and increase in the council tax payable by low income households risks an increase in poverty, the decision to continue to disregard child maintenance goes some way to limit any further increase in child poverty.
- 4.4 Homelessness impact - Given the increases that the council has experienced in homelessness consideration should be given to any adverse impact on homelessness through the changes being considered.
- 4.5 Both national and local data support the fact that financial changes have an impact, with 4% of homelessness caused due to rent or mortgage arrears. However, the primary cause for homelessness is linked to the high demand for accommodation in the sector. The council has identified no link in the increase in homelessness to welfare reform and a change to the level of support through CTR is unlikely to have any measurable impact on homelessness.

End of assured shorthold tenancy / loss of rental	40%
Relative or friend no longer willing to accommodate	27%
Relationship breakdown	16%
Rent or mortgage arrears	4%
Other	15%

- 4.6 Cumulative impact – Whilst option 1 (percentage reduction) applies to the entire working age caseload, only 55 cases within the current CTR caseload would otherwise be affected by more than 1 other change, with that number further reduced should the committee decide to remove the option for child maintenance. Where a resident is affected by more than 1 other change their entitlement to Council Tax support is likely to be fully removed.

Self empl (option 4)	Band D (option 9)	Child Main (option 8)	Non-Dep (option 7)	Weekly Impact
6 households				£24.37 (entitlement removed)
7 households				£24.37 (entitlement removed)
2 households				£24.37 (entitlement removed)
	29 households			£15.39
	6 households			£16.00 (entitlement removed)
5 households				£24.37 (entitlement removed)

It can be seen that the cumulative impact of the changes applies to relatively few claimants and by removing option 8 it is reduced still further.

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

- 5.1 Following the report to Policy and Resources Committee on the 29th June a public consultation was undertaken between 1 July and 24 August 2016.
- 5.2 The survey was carried out online, with a direct email to approximately 9,000 households and was promoted on the council's website, social media and in the local newspaper. Paper copies were available in the Gateway and on request. An additional 150 paper surveys were sent via direct mail to residents aged 75 years and over (who are less likely to engage with us online), and a reminder email was sent to 230 payees aged 18 to 24 years to boost the responses from these groups.
- 5.3 The survey was open to all Maidstone borough residents aged 18 years and over (i.e. people who pay council tax or receive council tax reduction) with the results weighted according to the known population profile to counteract non-response bias.
- 5.4 A total of 1471 people responded to the questionnaire. The consultation results are provided as Appendix B.

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

- 6.1 A decision on the final scheme to be implemented is required by a meeting of Full Council. That decision will be publicised through the local media with those residents directly affected by the changes notified in writing.
- 6.2 The revised CTR will take effect from 1st April 2017 and be reflected in the annual council tax bills to be sent in March 2017.

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## **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The council needs to balance the needs of low income households with the wider interest of local taxpayers to ensure that vulnerable residents are protected whilst providing a scheme that is affordable.	Stephen McGinnes, Director of Mid Kent Services

<b>Risk Management</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services
<b>Financial</b>	<p>CTR reduces the amount of Council Tax that can be collected. Since the council's Revenue Support Grant has continued to fall and will be fully withdrawn by 2017/18, the cost of the scheme will now met in full by the council and preceptors.</p> <p>The cost of the scheme (currently £8.8m) needs to be reduced to reflect the changes in funding.</p>	Mark Green, Director of Resources and Business Improvement (S151 Officer)
<b>Staffing</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services
<b>Legal</b>	<p>The Local Government Finance Act 1992 provides a statutory duty to consult on a proposed scheme and Council to approve a scheme by 31 January 2017.</p> <p>Consideration must be given to the findings of the consultation and equality impact assessment in reaching a decision.</p>	Estelle Culligan, Interim Head of Legal Partnership
<b>Equality Impact Needs Assessment</b>	Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii)	Anna Collier, Policy and Performance Manager

	<p>advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p>The decisions recommended through this paper will directly impact on end users. The impact has been analysed and varies between groups of people. An equality impact assessment has found that:</p> <p>Current Scheme</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> All working age claimants have received a reduction in their benefit amount.</li> <li><input type="checkbox"/> Pension age claimants, who will also have protected characteristics, have not received a reduction, as they are protected from any changes.</li> <li><input type="checkbox"/> People in receipt of council tax reduction with disabilities, carers and families with children receive a level of support higher than claimants without those characteristics, as a result of receiving additional allowances within the current scheme.</li> </ul> <p>Proposed changes to the scheme from 2017:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The changes proposed will continue to maintain a range of additional allowances and income disregards for people with</li> </ul>	
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	<p>disabilities and carers and apply a consistent percentage reduction to the benefit award for all people of working age.</p> <p><input type="checkbox"/> All options could impact on working age claimants with one or more of the protected characteristics of disability, age, sex or race, to varying degrees. <input type="checkbox"/> The introduction of an exceptional hardship scheme will be considered as an action to mitigate any possible impacts.</p> <p>A copy of the full equality impact assessment is provided as appendix C.</p>	
<b>Environmental/Sustainable Development</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services
<b>Community Safety</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services
<b>Human Rights Act</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services
<b>Procurement</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services
<b>Asset Management</b>	No impact.	Stephen McGinnes, Director of Mid Kent Services

## 8. REPORT APPENDICES

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

- Appendix A: Summary of Changes
  - Appendix B: Consultation Output
  - Appendix C: Equality Impact Assessment
  - Appendix D: CTRS Scheme 2017/2018 (available separately)
  - Appendix E: Proposed schemes by other Kent Districts
- 

## **9. BACKGROUND PAPERS**

None



## Appendix A

Option 1 - reduce maximum level of award to 80%					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants	5568	1052	4516	429	5139
Proportion of claimants		19%	81%	8%	92%
Average benefit paid (per week)	£16.23	£17.80	£15.87	£19.21	£15.98
New average benefit	£14.92	£16.37	£14.59	£17.66	£14.69
Average weekly impact	£1.31	£1.43	£1.28	£1.55	£1.29
Average annual impact	£67.90	£74.47	£66.40	£80.37	£66.86
Reduction in CTS cost	£378,094				
Option 2 - remove family premium within calculation. New claims to align to welfare system					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants	441	12	429	14	427
Proportion of claimants		3%	97%	3%	97%
Average benefit paid (per week)	£13.52	£15.61	£13.47	£13.19	£14
New average benefit	£10.03	£12.12	£9.98	£9.70	10.05
Average weekly impact	£3.49	£3.49	£3.49	£3.49	3.49
Average annual impact	181.48	181.48	181.48	181.48	181.48
Reduction in CTS cost	£80,033				
Option 3 - reduce backdating of claims to 1 month. New claim to align to welfare system					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants	77	15	62	5	57
Proportion of claimants		19%	81%	6%	74%
Average benefit paid (per week)	£16.36	£17.39	£16.11	£19.36	£15.83
Average award of Backdated benefit	£141.05	£226.78	£120.30	£135.49	£118.97
Average impact (no ongoing impact)	£75.61	£157.22	£55.86	£58.05	£55.65
Reduction in CTS cost	£5,822				
Option 4 - minimum income for self employed after 1 year					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claims with self employed income for more than 1 year	444	20	424	16	428
Proportion of claimants		5%	95%	4%	96%
Average benefit paid (per week)	£16.79	£17.78	£16.75	£17.58	£16.76
New average benefit (Avg Earnings = £65 28% of min wage)	£0.00	£0.00	£0.00	£0.00	£0.00
Average weekly impact	£16.79	£17.78	£16.75	£17.58	£16.76
Annual	£873.08	£924.56	£871.00	£914.16	£871.52
Reduction in CTS cost*	£250,000				

Option 5 - absence limited to 4 weeks					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants	No data				
Proportion of claimants					
Average benefit paid (per week)					
New average benefit					
Average weekly impact					
Average annual impact					
Reduction in CTS cost	No data				
Option 6 - reducing capital limit to £6,000					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants	49	18	31	6	43
Proportion of claimants		37%	63%	12%	88%
Average benefit paid (per week)	£14.81	£14.96	£14.72	£18.10	£14.35
New average benefit	0	0	0	0	0
Average weekly impact	£14.81	£14.96	£14.72	£18.10	£14.35
Average annual impact	£770.12	£777.92	£765.44	£941.20	£746.20
Reduction in CTS cost	£37,736				
Option 7 - standard non dependent deduction of £10					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants	244	3	198	37	164
Proportion of claimants		1%	81%	15%	67%
Average benefit paid (per week)	£14.51	£19.37	£14.44	£18.78	£13.73
New average benefit paid	£8.65	£8.65	£8.65	£8.65	£8.65
Average weekly impact	£5.86	£9.32	£4.35	£7.09	£4.00
Average annual impact	£304.72	£484.64	£226.20	£368.68	£208.00
Reduction in CTS cost	£74,352				
Option 8 - Child maintenance					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claims with Child Maintenance (£65.46 average pw)	241	9	232	16	225
Proportion of claimants		4%	96%	7%	93%
Average benefit paid (per week)	£13.87	£19.72	£13.64	£19.99	£13.43
Number of claims with Child Maintenance after adjustment	29	5	24	6	23
Average NEW benefit paid	£0.78	£6.63	£0.55	£6.90	£0.34
Average weekly impact	£13.09	£13.09	£13.09	£13.09	£13.09
Average annual impact	£680.68	£680.68	£680.68	£680.68	£680.68
Reduction in CTS cost	£164,044				

Option 9 - Band D restriction					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claimants <b>(Band E)</b>	30	2	28	3	27
Proportion of claimants		7%	93%	10%	90%
Average benefit paid (per week)	£23.29	£9.58	£24.27	£32.81	£22.23
Average NEW benefit paid	£16.46	£2.75	£17.44	£25.98	£15.40
Average weekly impact	£6.83	£6.83	£6.83	£6.83	£6.83
Average annual impact	£355.19	£355.19	£355.19	£355.19	£355.19
Reduction in CTS cost	£10,656				
Number of claimants <b>(Band F)</b>	9	0	9		9
Proportion of claimants		0%	100%	0%	100%
Average benefit paid (per week)	£28.20	£0.00	£28.20	£0.00	£28.20
Average NEW benefit paid	£14.54	£0.00	£14.54	£0.00	£14.54
Average weekly impact	£13.66	£0.00	£13.66	£0.00	£13.66
Average annual impact	£710.38	£0.00	£710.38	£0.00	£710.38
Reduction in CTS cost	£6,393				
Number of claimants <b>(Band G)</b>	2	0	2	0	2
Proportion of claimants		0%	100%	0%	100%
Average benefit paid (per week)	£23.43	£0.00	£23.43	£0.00	£23.43
Average NEW benefit paid	£2.94	£0.00	£2.94	£0.00	£23.43
Average weekly impact	£20.49	£0.00	£20.49	£0.00	£0.00
Average annual impact	£1,065.57	£0.00	£1,065.57	£0.00	£0.00
Reduction in CTS cost	£2,131.14				
Option 10 - Second adult rebate					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claims with 2AR	58	0	58	0	58
Proportion of claimants		0%	100%	0%	100%
Average benefit paid (per week)	£4.68	£0.00	£4.68	£0.00	£4.68
Average NEW benefit paid	£0.00	£0.00	£0.00	£0.00	£0.00
Average weekly impact	£4.68	£0.00	£4.68	£0.00	£4.68
Average annual impact	£243.36	£0.00	£243.36	£0.00	£243.36
Reduction in CTS cost	£14,115				
Option 11 - Removing the work related activity component. New claims to align to welfare system					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claims	No data				
Proportion of claimants					
Average benefit paid (per week)					
Average NEW benefit paid					
Average weekly impact					
Average annual impact					
Reduction in CTS cost	No data				

Option 12 - limit of 2 dependent children within calculation					
	All Claimants	Disability	No Disability	Carer	Non Carer
Number of claims with over 2 dependants	54	0	54	2	52
Proportion of claimants		0%	100%	4%	96%
Average benefit paid (per week)	£17.73	£0.00	£17.64	£16.68	£17.81
Average benefit paid NEW (per week)	£9.50	£0.00	£9.50	£0.00	£8.99
Average weekly impact	£8.23	£0.00	£8.14	£16.68	£8.82
Average annual impact	£427.96	£0.00	£423.28	£867.36	£458.64
Reduction in CTS cost	£23,109.84				
Total reduction in CTS cost	£876,619.30				

Note:

Option 4 - Assumed savings adjusted to reflect adjustment for residents with caring responsibility. Gross figure £387,467.

Option 7 - 244 cases increase 5.85 reduction. 41 cases reduce by £1.45. 85 taken out of benefit.

# 2016

## Council Tax Reduction



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## Headline Results

	% Agreeing with Option	Rank of Preferable Option <sup>1</sup>
<b>Option 1</b> - Reducing the maximum level of support for working age applicants from 87% to 80%	60.7%	8.38
<b>Option 2</b> - Removing the Family Premium for all new working age applicants	50%	6.55
<b>Option 3</b> - Reducing backdating to one month	75.0%	8.77
<b>Option 4</b> - Using a set income for self-employed earners after one year's self-employment	51%	6.08
<b>Option 5</b> - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks	83%	9.25
<b>Option 6</b> - Reducing the capital limit from the existing £16,000 to £6,000	60.6%	7.34
<b>Option 7</b> - Introducing a standard level of non-dependant deduction of £10 for all claimants who have non dependants resident with them	71%	6.86
<b>Option 8</b> - Taking any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction	54%	6.56
<b>Option 9</b> - Restricting the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge	57%	6.50
<b>Option 10</b> - Removing Second Adult Reduction from the scheme	61.3%	6.53
<b>Option 11</b> - Removing the work related activity component in the calculation of Council Tax Reduction	58%	5.30
<b>Option 12</b> - Limiting the number of dependent children within the calculation for Council Tax Reduction to a maximum of two	73%	7.58
<b>Option 13</b> - Introducing a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship	74.8%	7.71

<sup>1</sup> A higher figure indicates option is high preference.

## Methodology

Maidstone Borough Council undertook a consultation on its proposed changes to council tax reduction between 1 July and 24 August 2016. A copy of the survey is available at Appendix B.

The survey was carried out online, with a direct email to approximately 9,000 Council Tax payees who had signed up for e-billing and was promoted on the Council's website, social media and in the local newspaper. Paper copies were available in the Gateway and on request. An additional 150 paper surveys were sent via direct mail to residents aged 75 years and over (who are less likely to engage with us online), and a reminder email was sent to 230 payees aged 18 to 24 years to boost the responses from these groups.

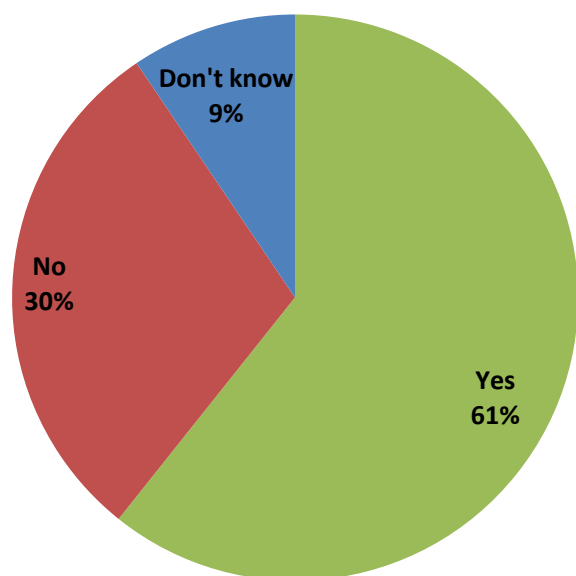
The survey was open to all Maidstone borough residents aged 18 years and over (i.e. people who pay council tax or receive council tax reduction. Data has been weighted according to the known population profile to counteract non-response bias.

A total of 1471 people responded to the questionnaire. This report discusses the weighted results; however unweighted results are shown at appendix B for reference. Please note not every respondent answered every question therefore the total number of respondents refers to the number of respondents for the question being discussed not to the survey overall.

The survey had a low response from respondents aged 18 to 24 so this group was significantly under-represented and whilst the results have been weighted to take into account some of the variation in respondents compared to the borough population, these results should be treated with caution. Other areas that should be treated with caution due to low number of responses are people from BME backgrounds and Ethnicity: Other respondents, though these will only be weighted if age and sex details were provided and are not weighted as a separate variable. These results are shown in this report, however they are not referred to in the commentary due to the low level of statistical validity.



## Option 1 - Reducing the maximum level of support for working age applicants from 87% to 80%



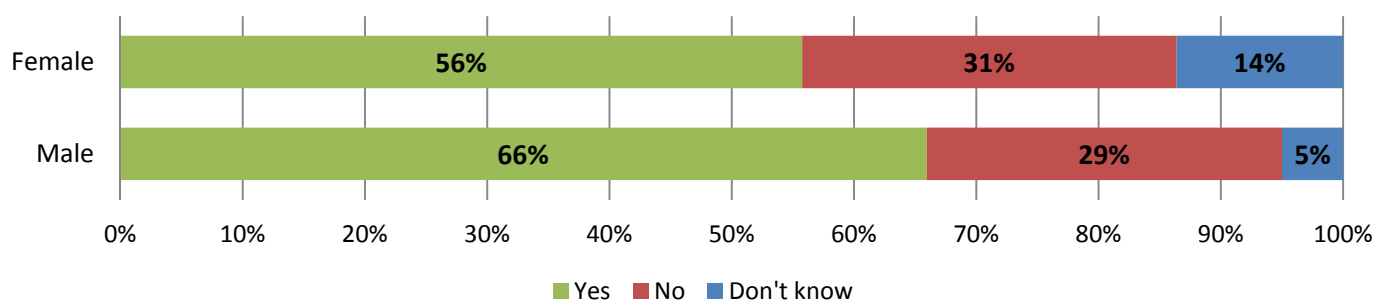
The majority of respondents to the survey are in favour of option 1 – reducing the maximum level of support for working age applicants from 87% to 80%.

Respondents with a disability had the lowest level of agreement with this option at 42%, a 22% difference compared to the responses of the non-disabled.

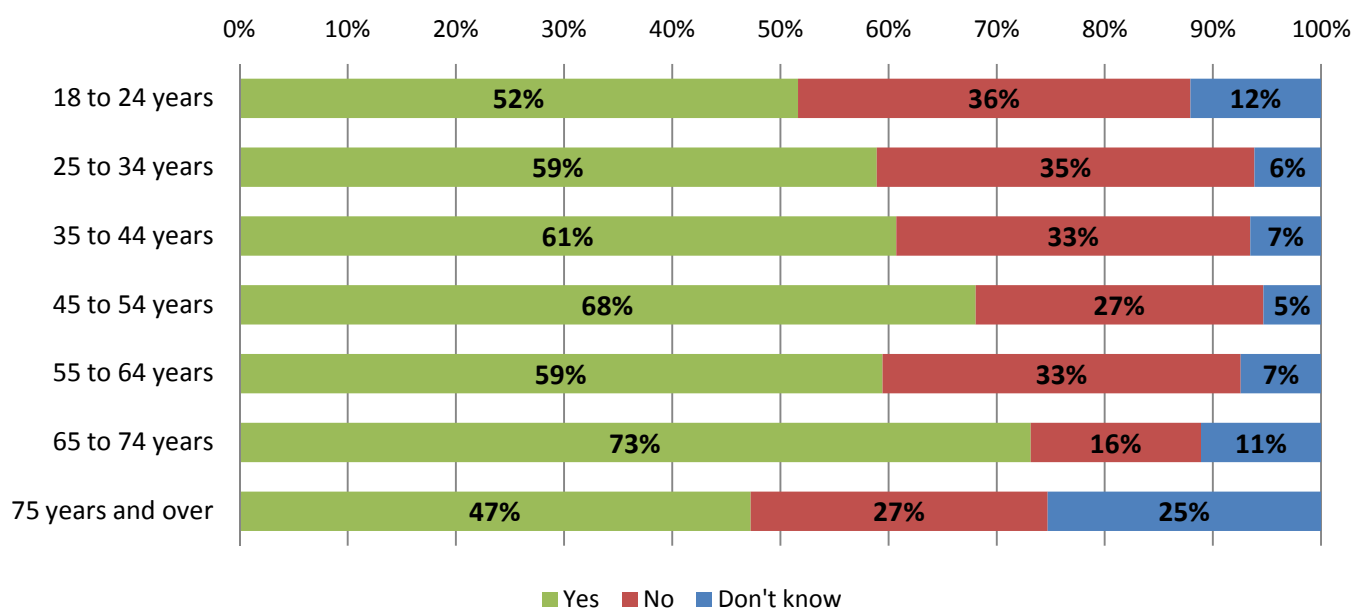
Respondents receiving Council Tax reduction had the second lowest levels of agreement at 43%; there is a 32% difference between this group and those who do not receive Council Tax Reduction.

The comments in relation to this option show concern for people on low income, suggest that there reduction amount is too high or too low and suggest phasing down the reduction.

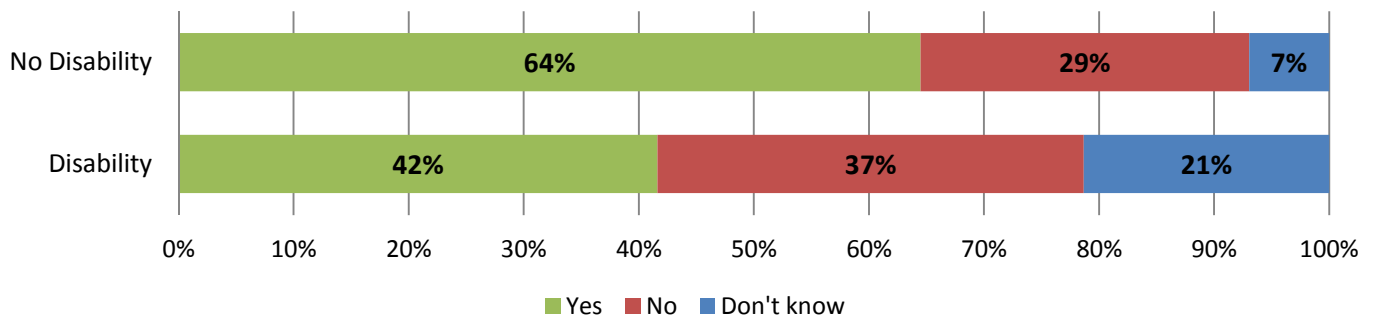
### Gender



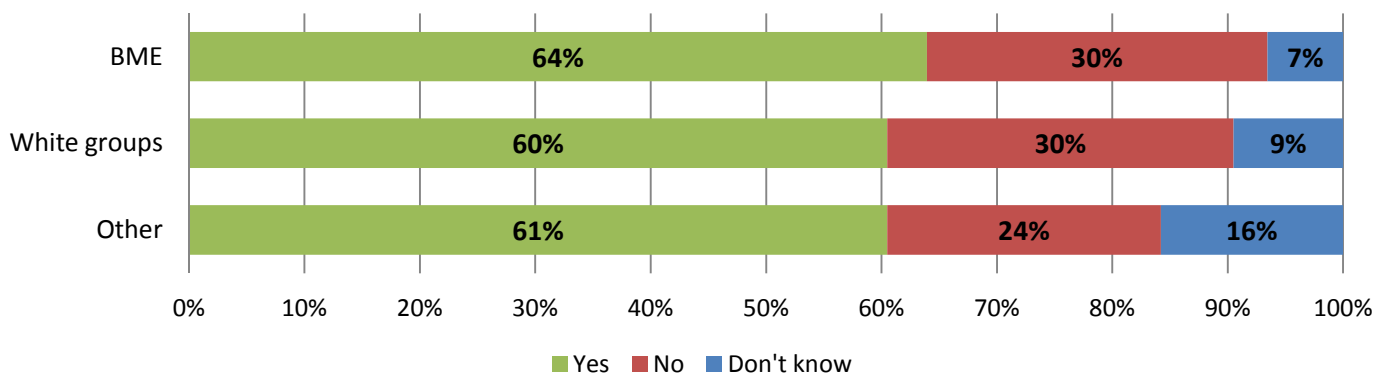
### Age



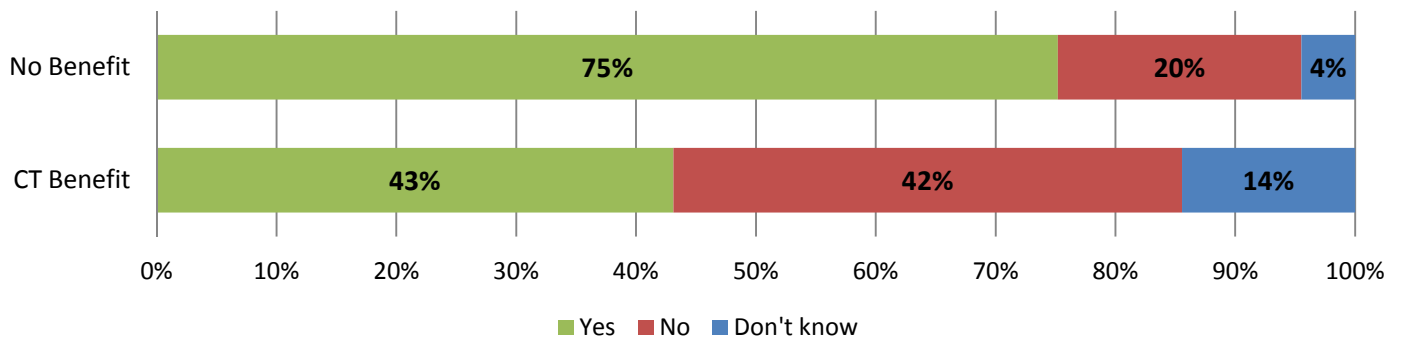
### Disability or health problem expected to last at least 12 months



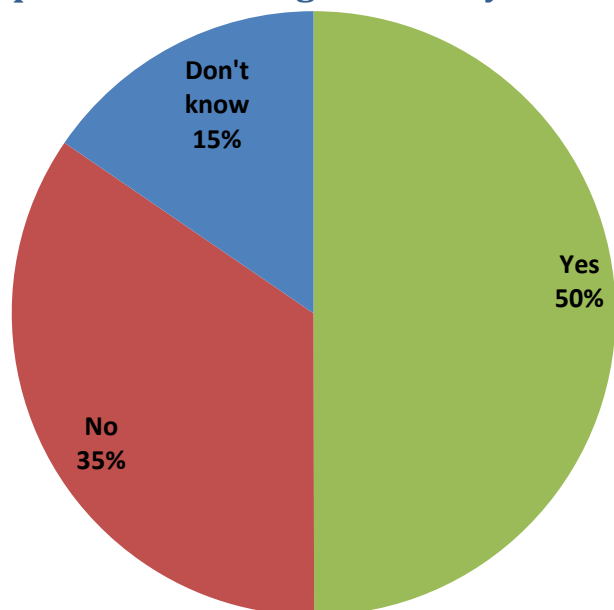
### Ethnicity



### Benefit Recipient



## Option 2 Removing the Family Premium for all new working age applicants

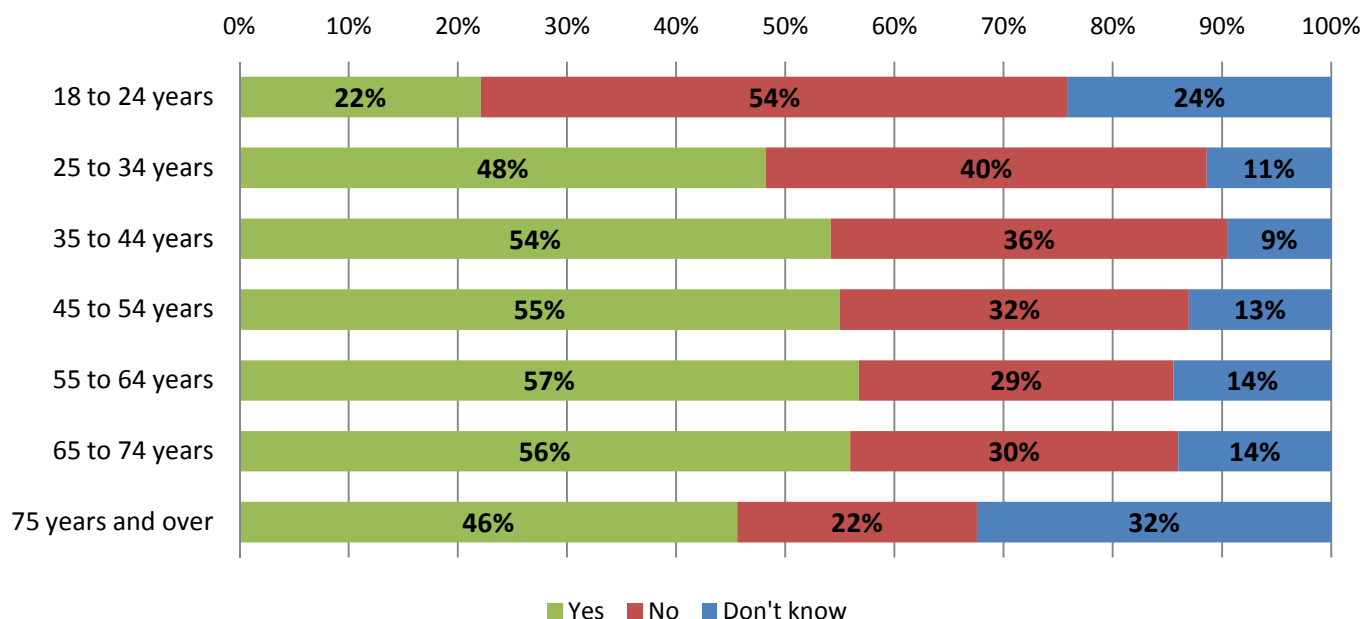
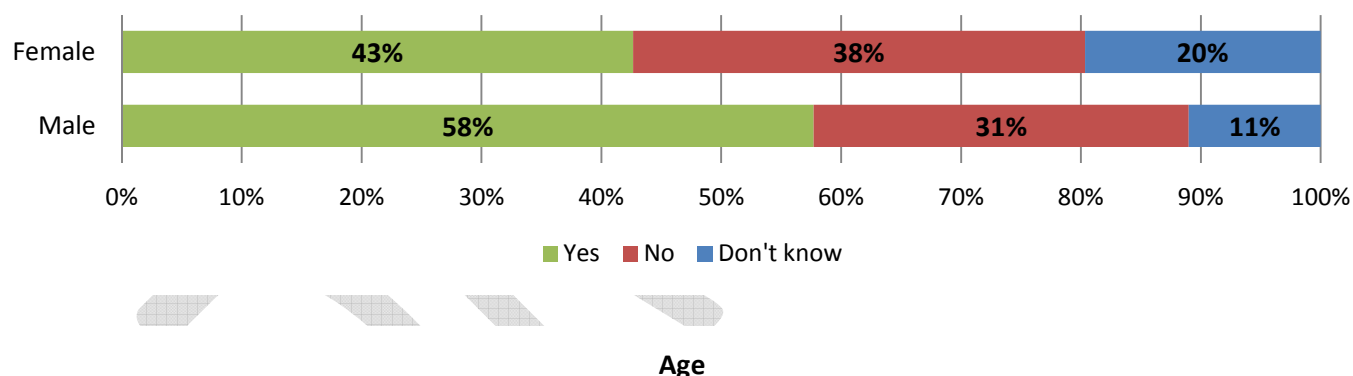


Overall, 50% of respondents were in favour of option 2 removing the family premium for all new working age applicants. When this is analysed by respondent type it shows that for some groups there is no clear majority of respondents agreeing with this option.

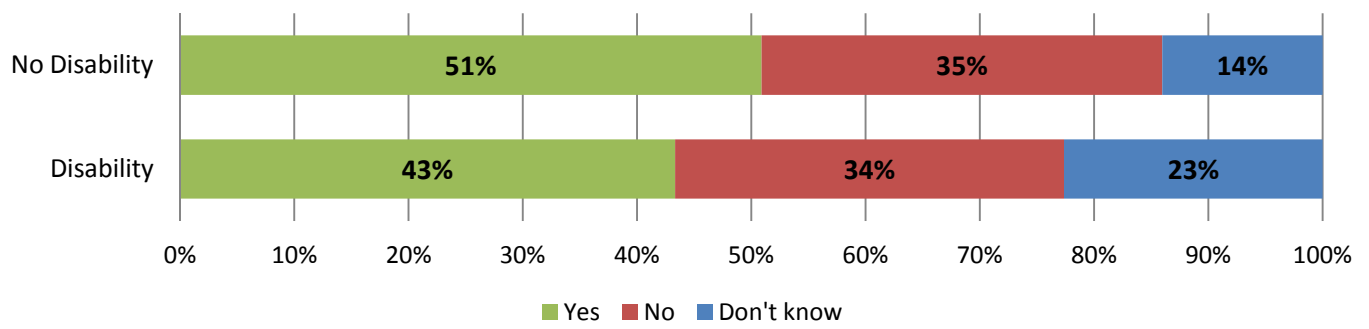
Respondents receiving Council Tax reduction have the lowest level of agreement at 39%. This is a 22% difference compared to those who do not receive this reduction.

Women and those with a disability also had at least 20% respondents answering 'don't know'. The comments show support for bringing the scheme in line

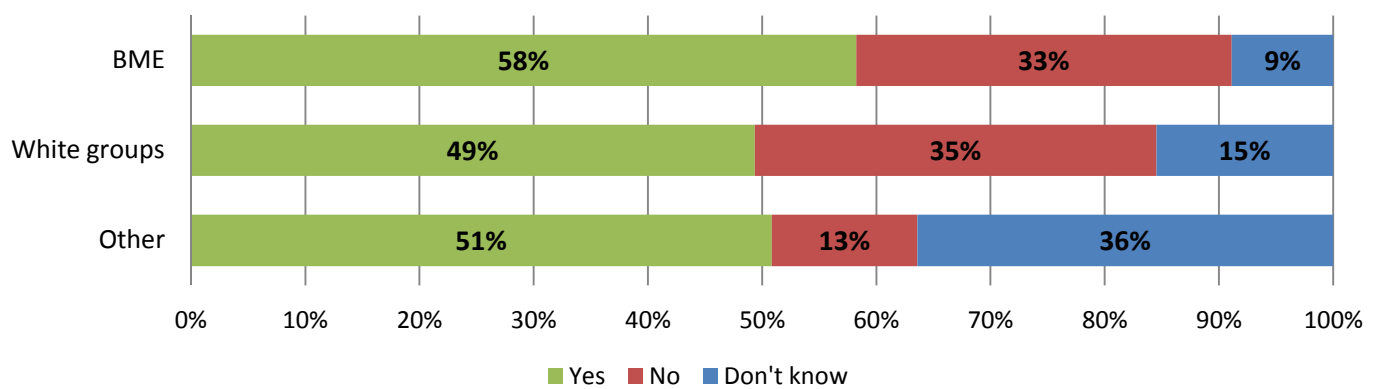
with other benefits however there is a concern people with children are being penalised, in particular single parents and those with larger families struggling financially. Women are more likely to be single parents than men so this may explain the difference in levels of agreement between these two groups.



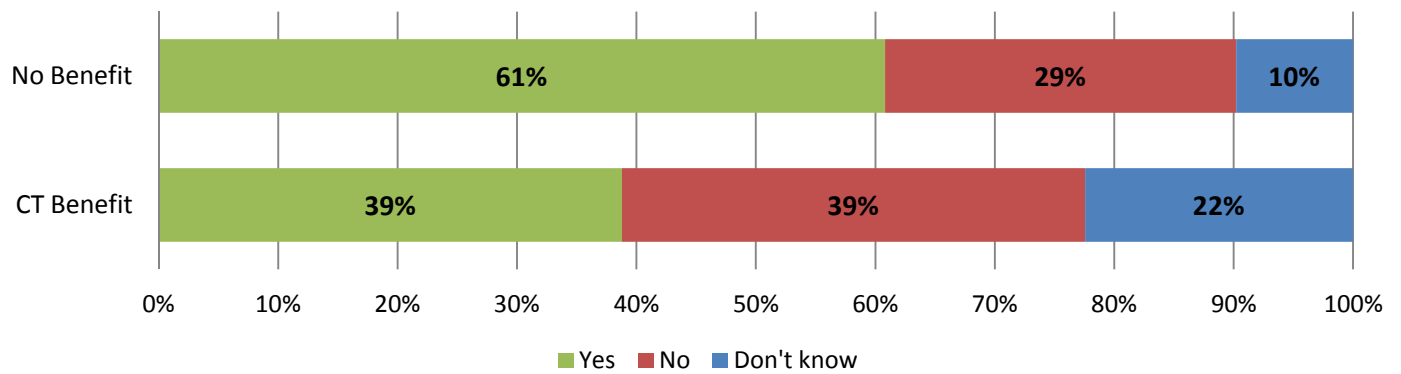
### Disability or health problem expected to last at least 12 months



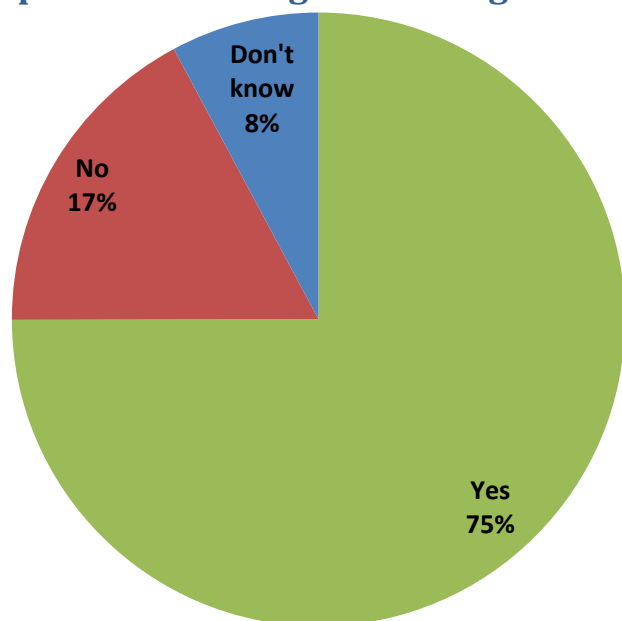
### Ethnicity



### Benefit Recipient



## Option 3 Reducing backdating to one month



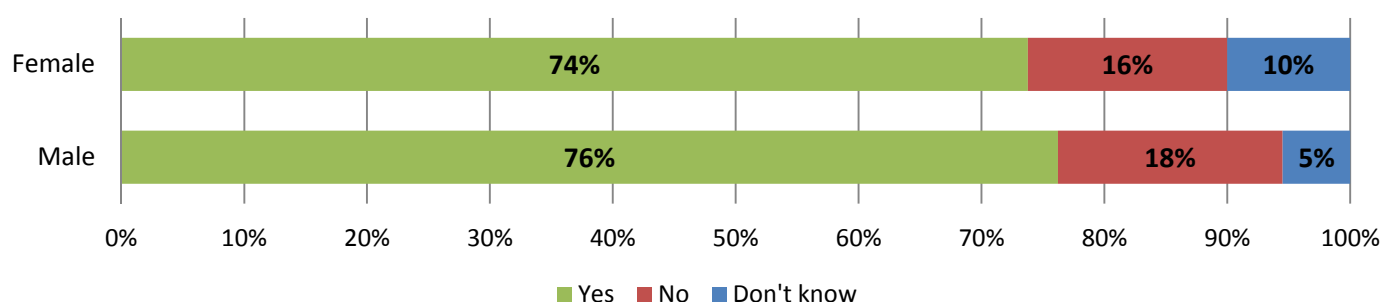
The majority of respondents are in favour of option 3, with three out of every four respondents agreeing with the proposed change.

With the exception of the 18 to 24 year olds, who are mentioned in the methodology section, there was support for this option across groupings.

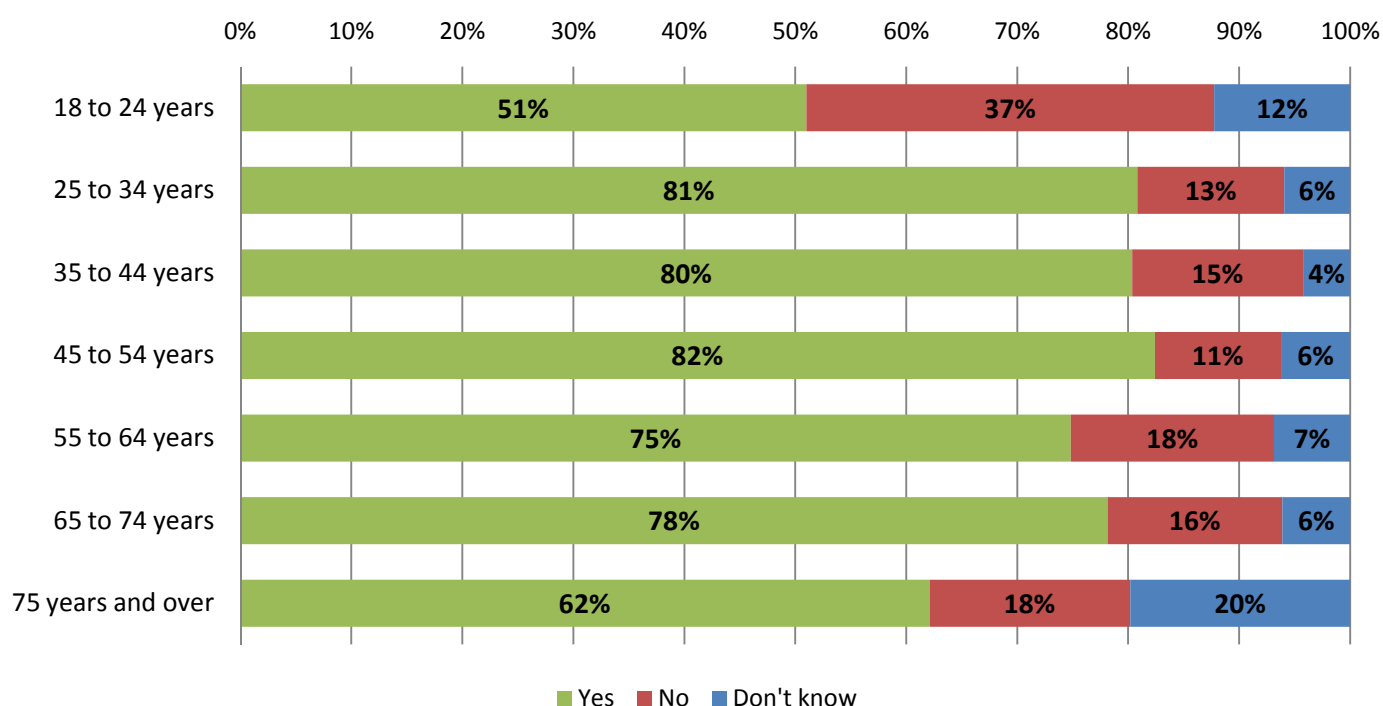
Respondents with a disability and those aged 75 years and over have slightly lower levels of agreement at 62%. The comments show concern for vulnerable people having the assistance they need to complete the paperwork.

Other comments express surprise that currently claims can be backdated for up to six months, with some stating if people need assistance they would apply for it sooner.

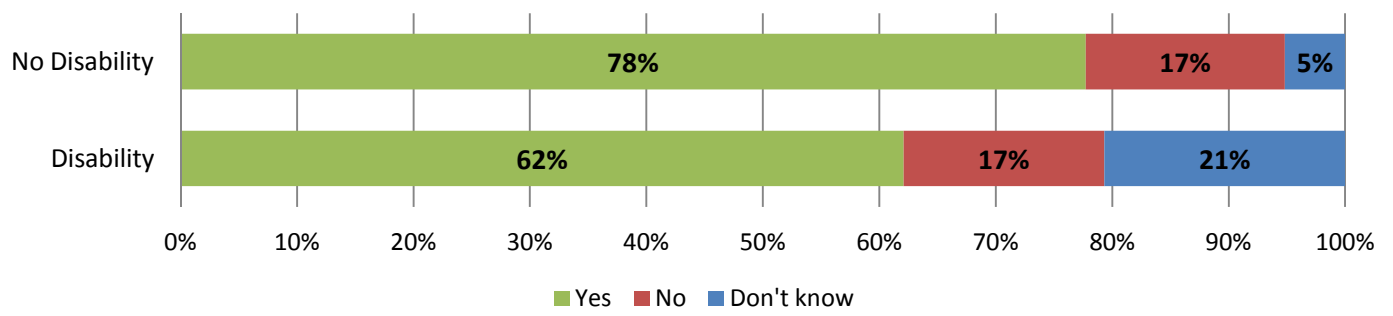
### Gender



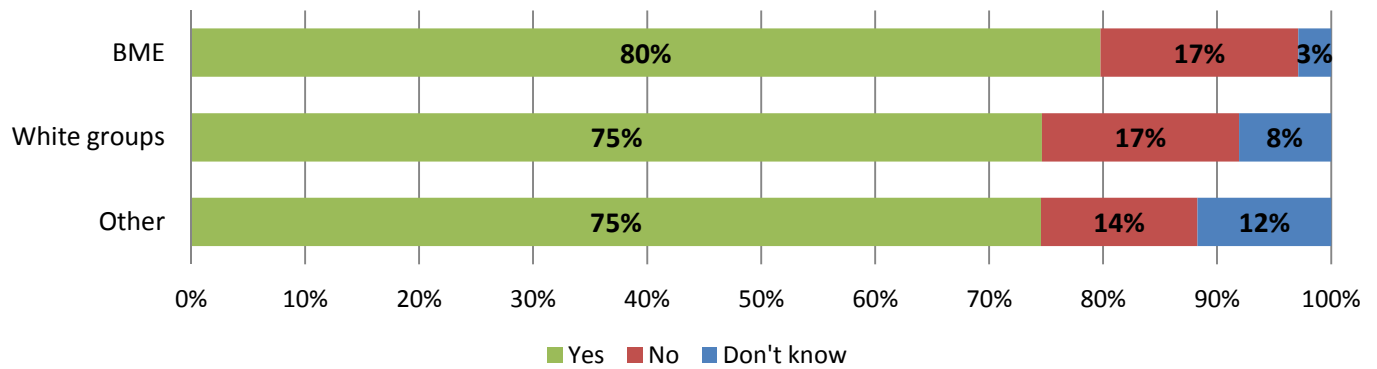
### Age



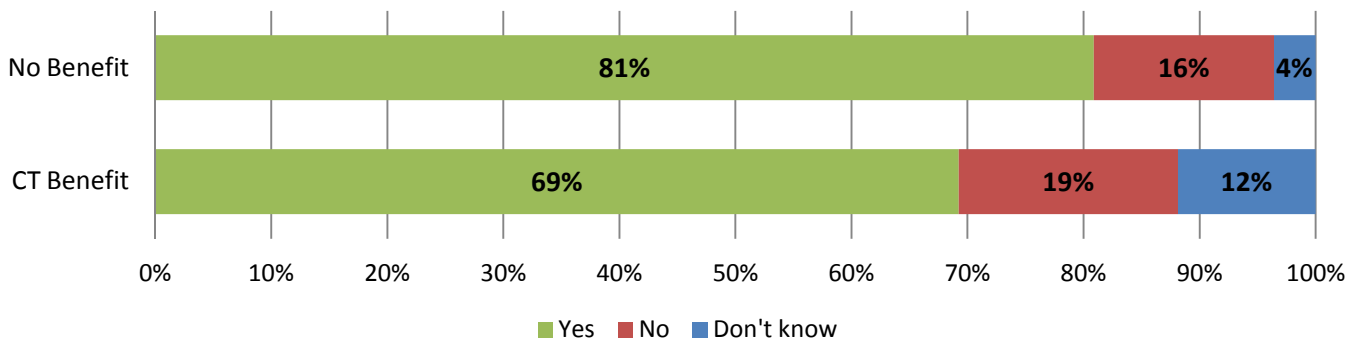
### Disability or health problem expected to last at least 12 months



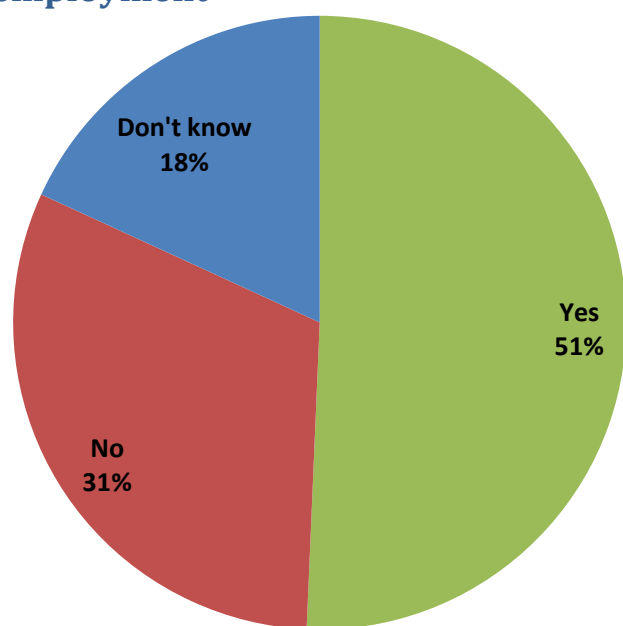
### Ethnicity



### Benefit Recipient



## Option 4 using a set income for self-employed earners after one year's self-employment

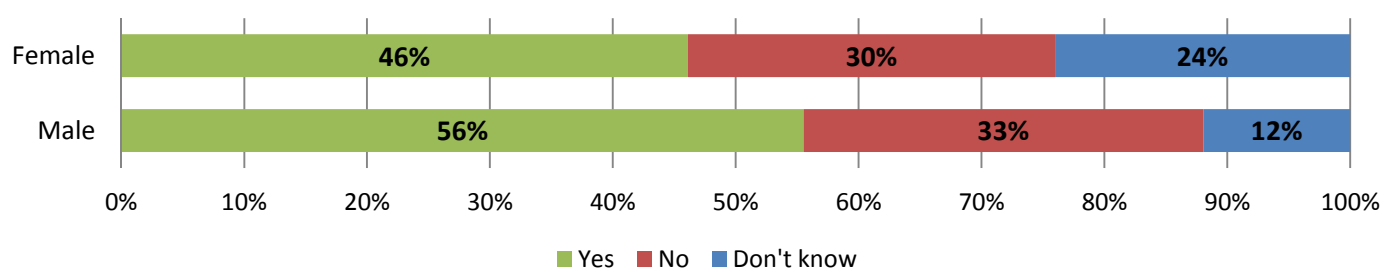


Just over half of respondents were in favour of option 4, using a set income for self-employed earners after one year's self-employment.

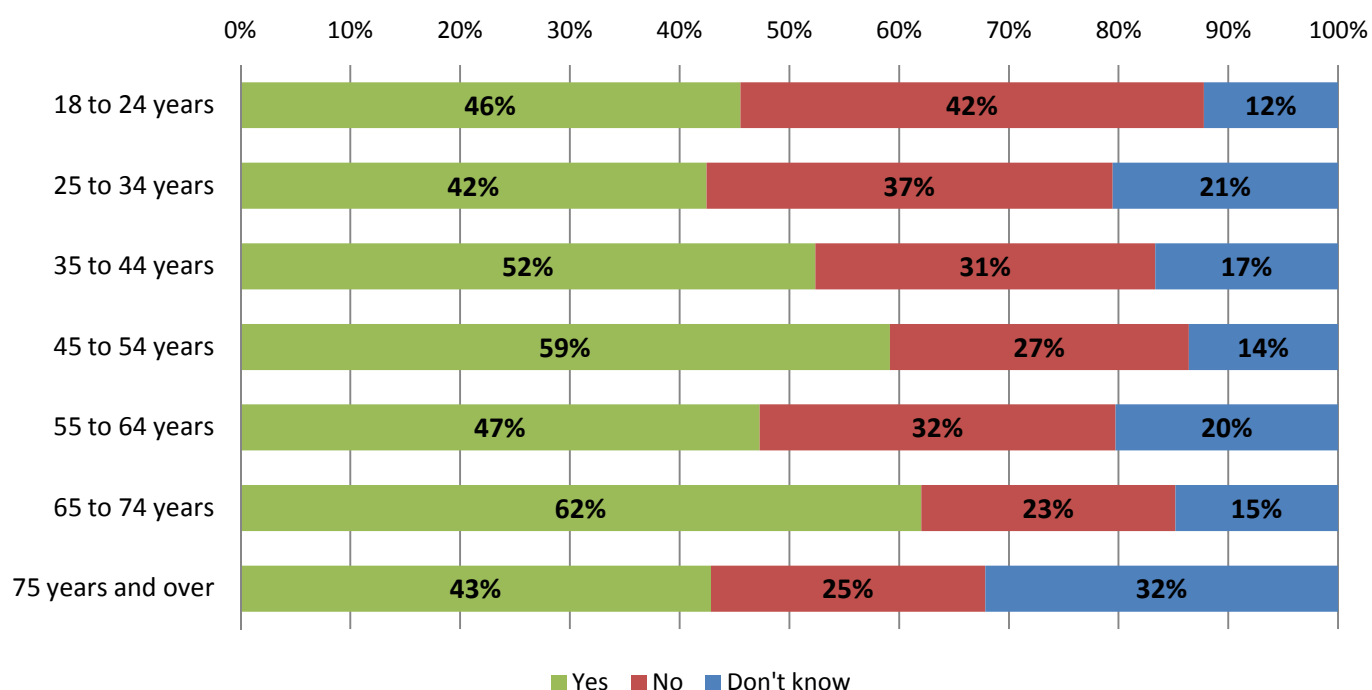
Respondents with a disability and those aged 25 to 34 years had low levels of agreement with this option when compared to the rest of their groupings.

Comments in relation to this option express concern that this option does not allow new starter businesses to grow and that self-employed people will often work longer hours to earn a basic income. There were also comments around national incentives to encourage entrepreneurship which could explain the lower levels of agreement from the 25 to 34 years age group.

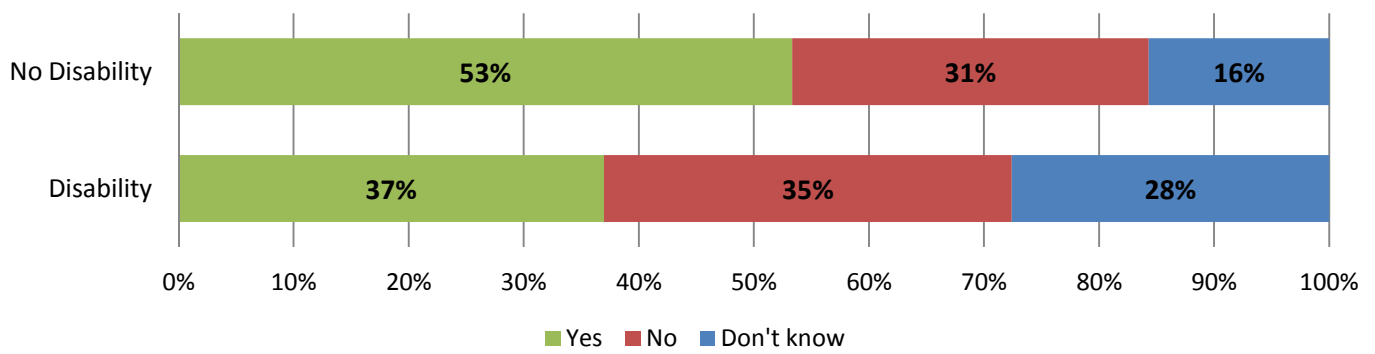
### Gender



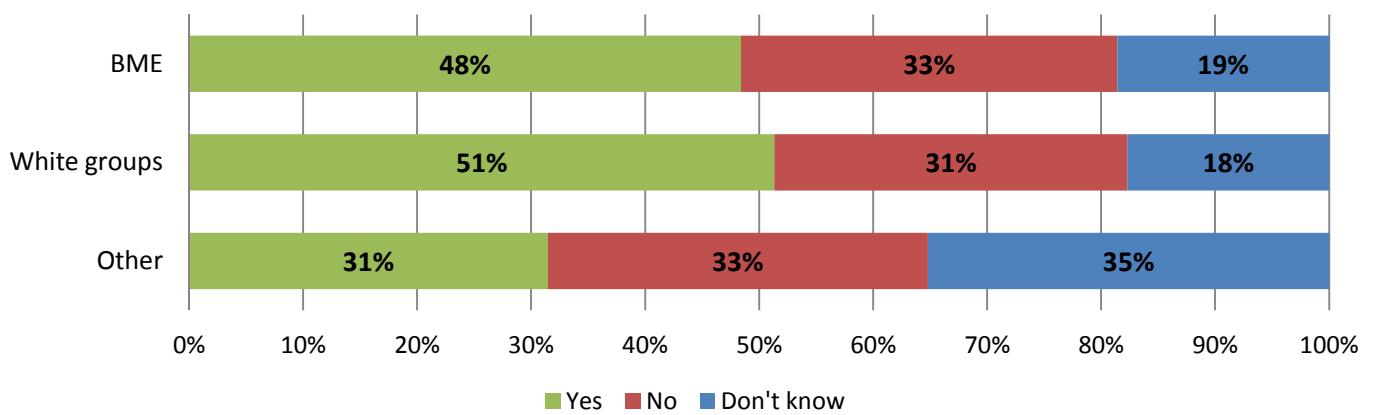
### Age



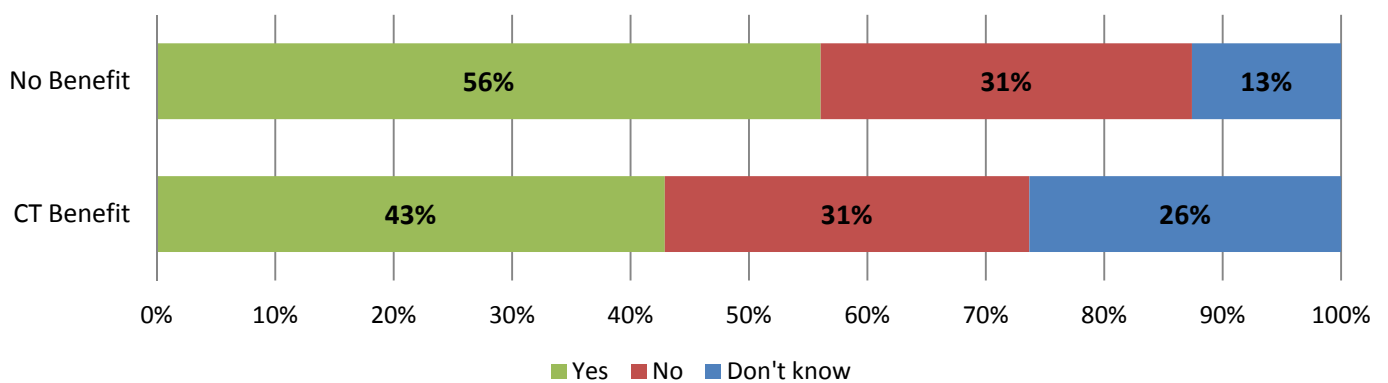
### Disability or health problem expected to last at least 12 months



### Ethnicity

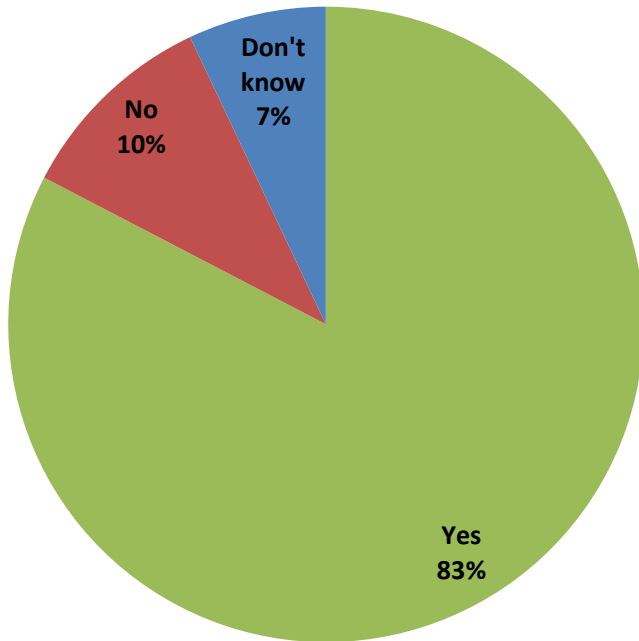


### Benefit Recipient





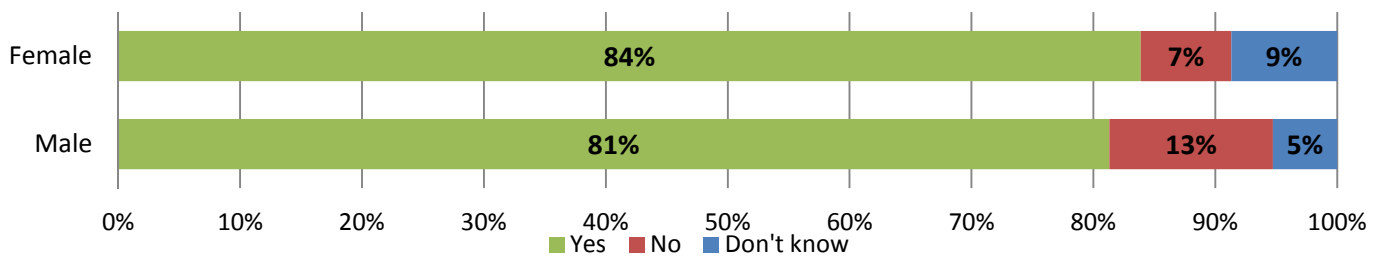
## Option 5 Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks



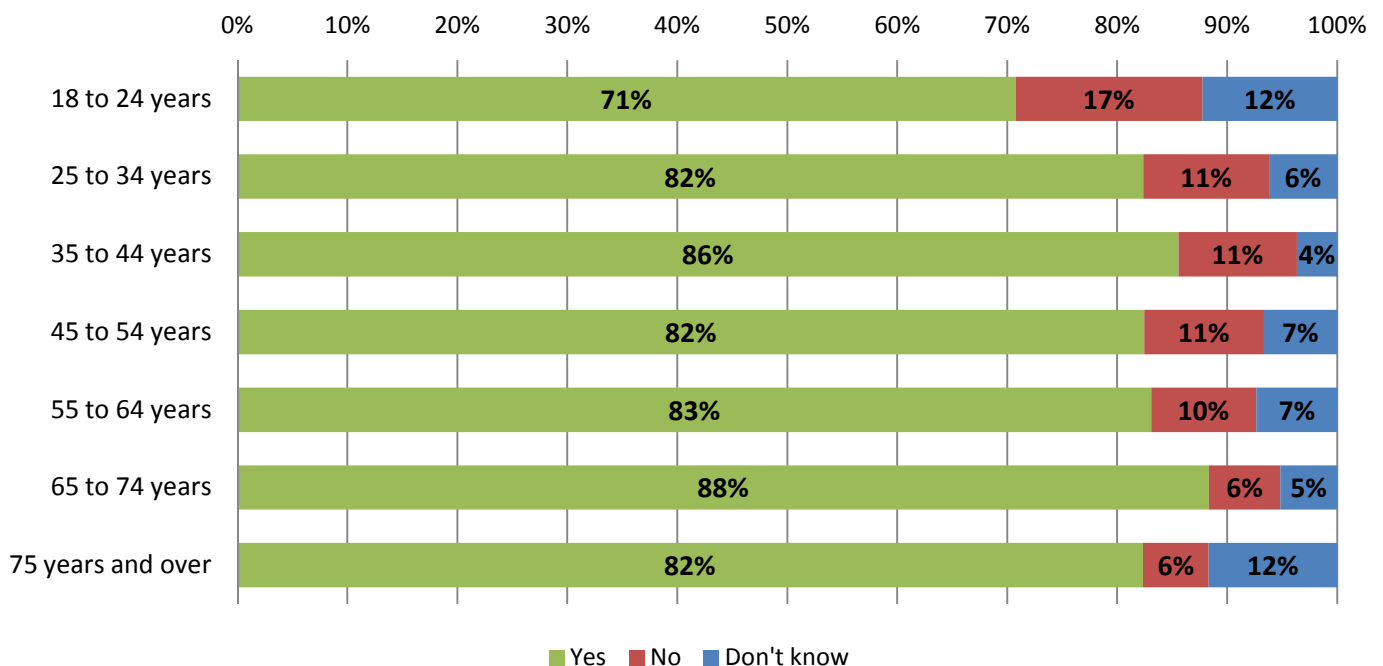
The majority of respondents are in favour of option 5 – reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks, with over four out of five respondents agreeing with the proposed change.

While the comments are mostly positive about this option there is some concern that this could unfairly impact on certain occupations such as the army.

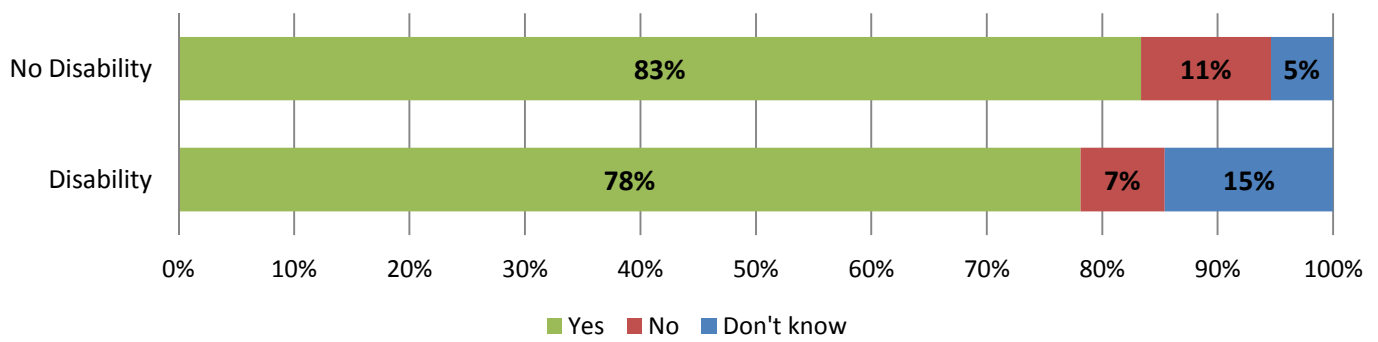
### Gender



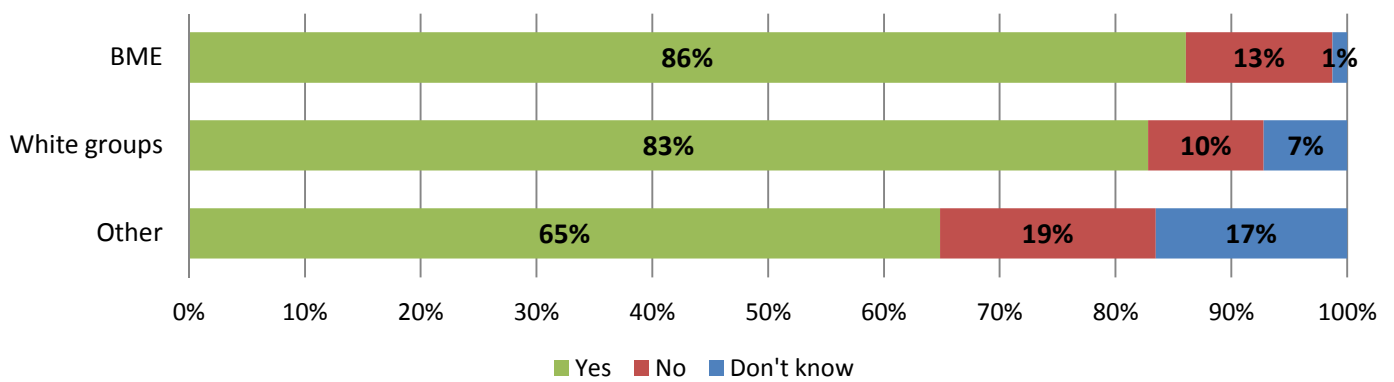
### Age



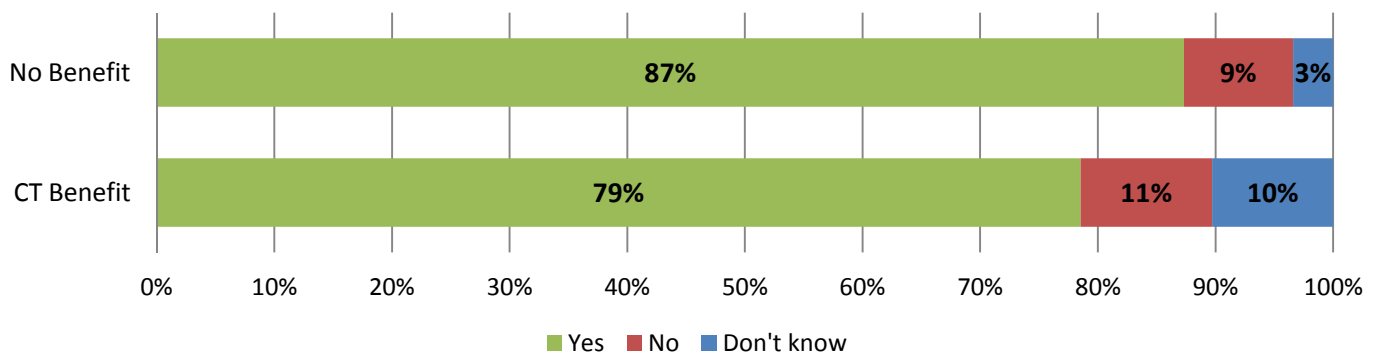
### Disability or health problem expected to last at least 12 months



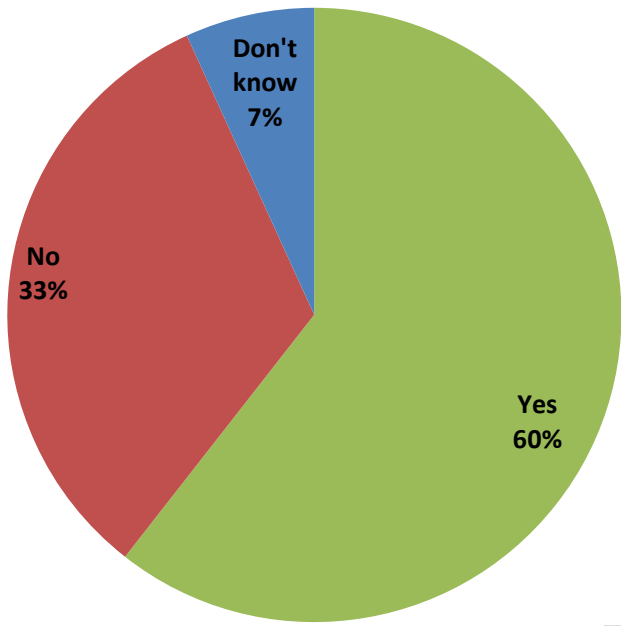
### Ethnicity



### Benefit Recipient



# Option 6 Reduce the capital limit from the existing £16,000 to £6,000



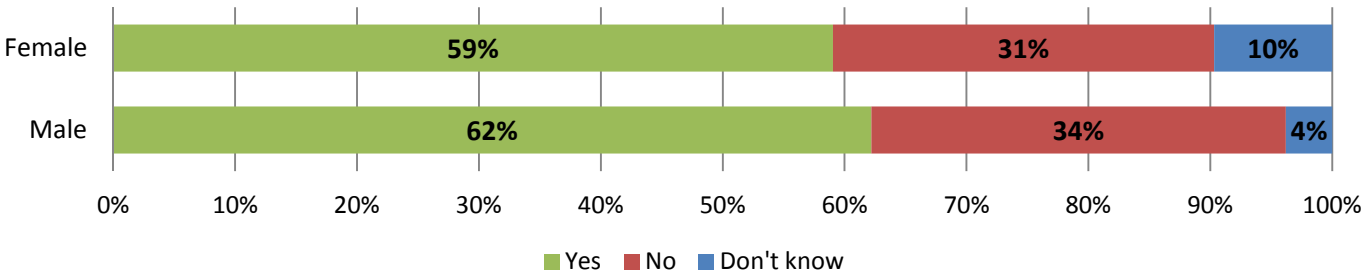
The majority of respondents are in favour of option 6 – reduce the capital limit from the existing £16,000 to £6,000.

Respondents aged 75 years and over have the lowest levels of agreement with the option at 44%. It is possible that this group are concerned about leaving inheritance and savings they may have for end of life or after life care.

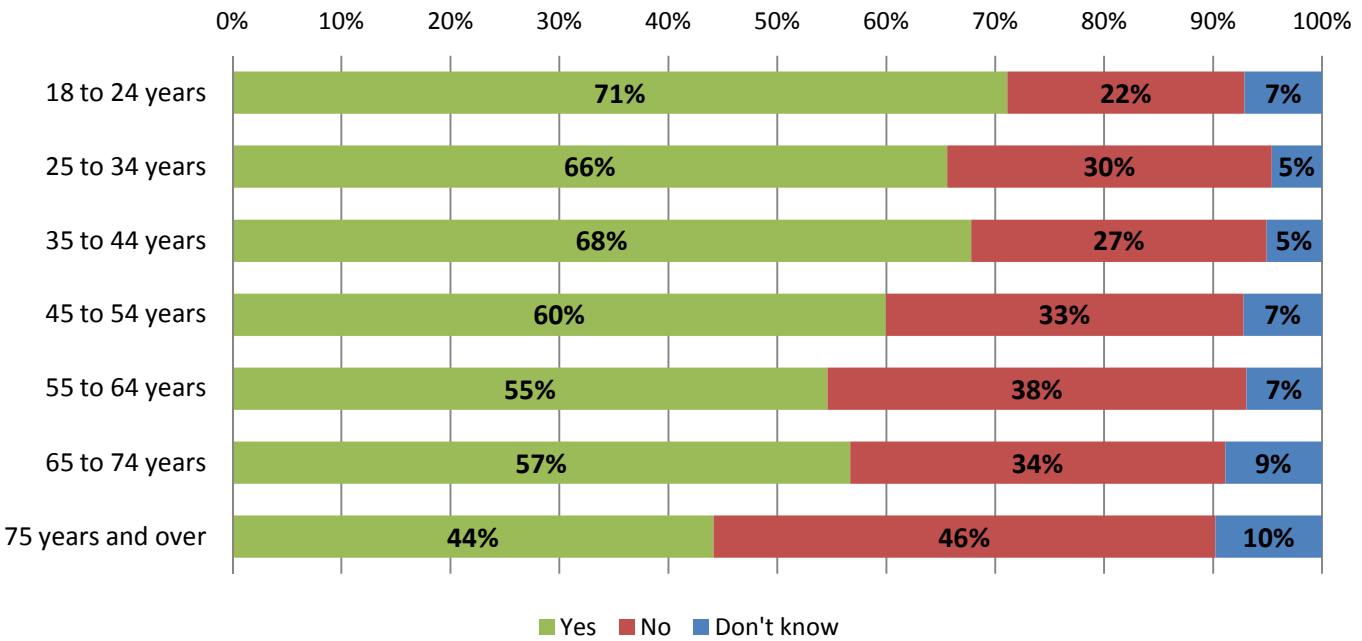
The comments in relation to this option are generally supportive though some have suggested that £10,000 would be a more appropriate limit and that this option discourages savers.



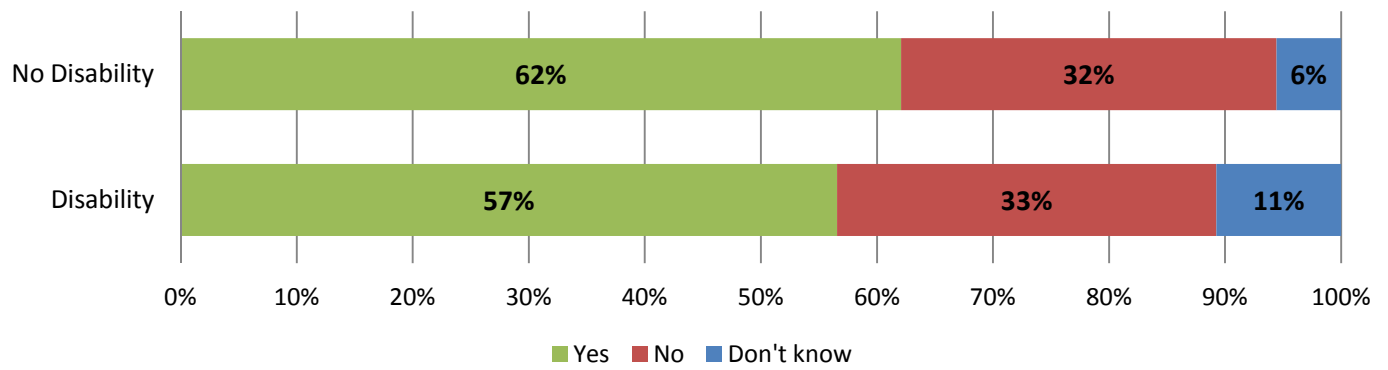
Gender



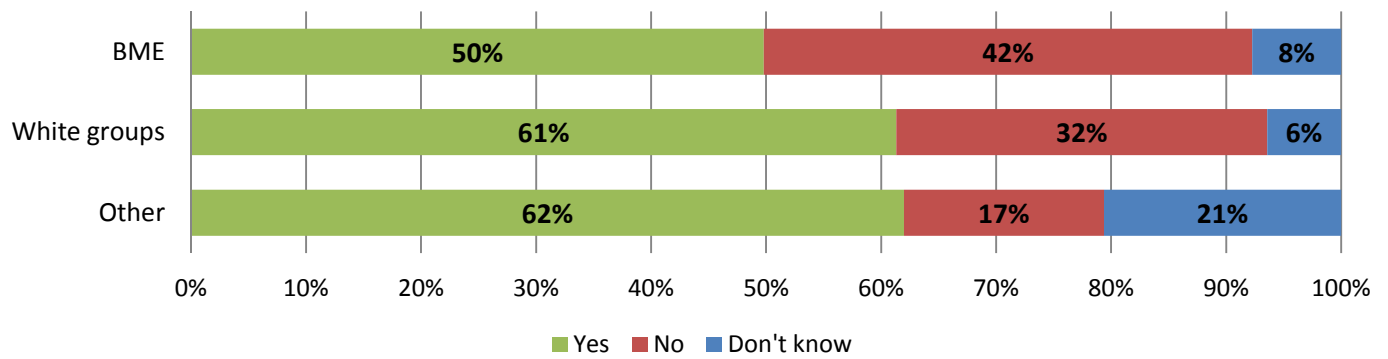
Age



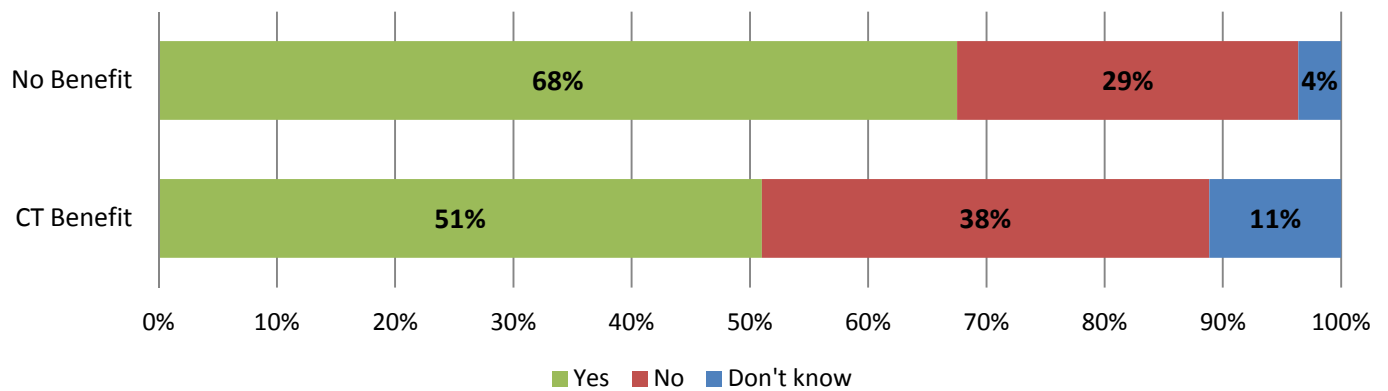
### Disability or health problem expected to last at least 12 months



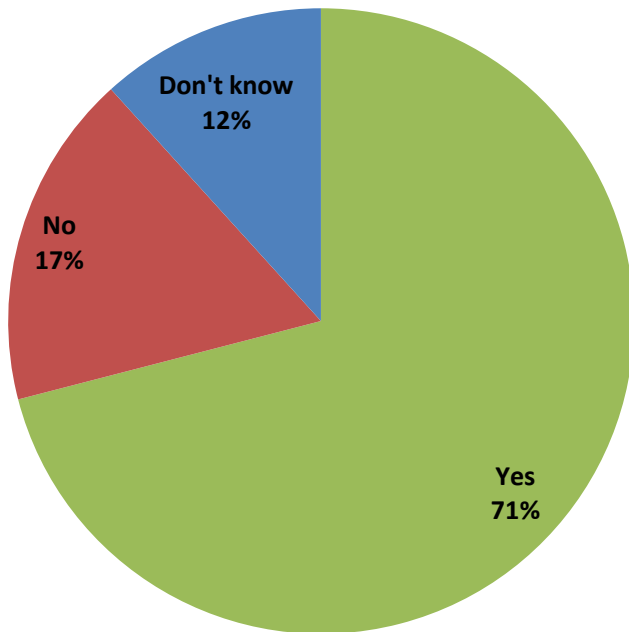
### Ethnicity



### Benefit Recipient



## Option 7 To introduce a standard level of non-dependant deduction of £10 for all claimants who have non dependants resident with them

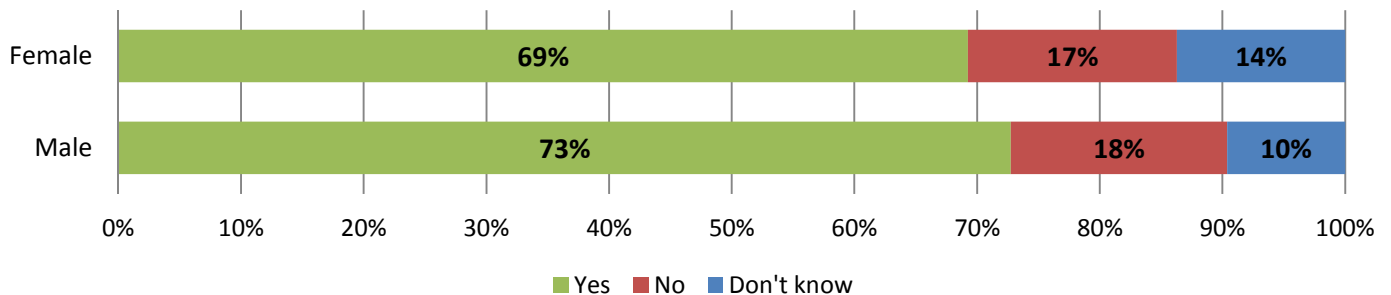


The majority of respondents are in favour of option 7 – to introduce a standard level of non-dependant deduction of £10 for all claimants who have non dependant's resident with them, with 71% supporting this option.

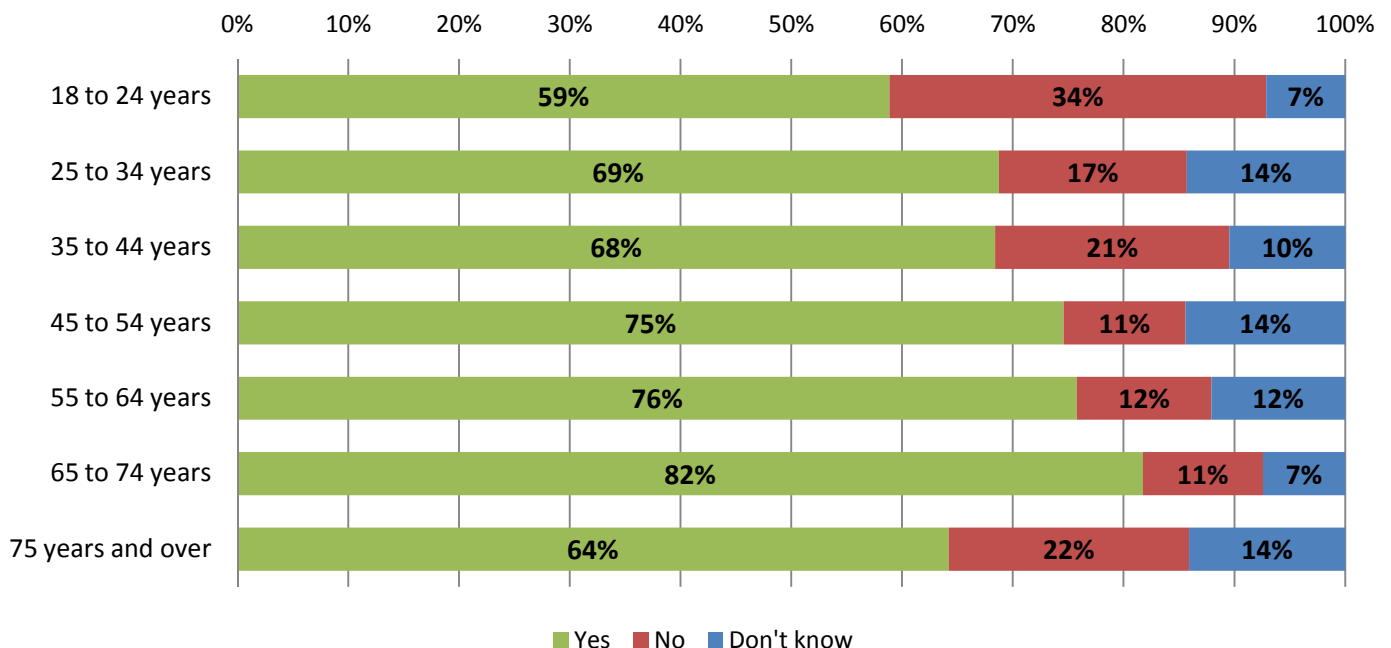
Respondents that are disabled and/or receive Council Tax Reduction had the lowest levels of agreement at 60% and 61% respectively. Respondents with a disability may be concerned about arrangements for carers living in.

The comments show concern for people who are disabled or in education, while others see this option as incentivising work. There also appears to be some confusion on how this impacts on students who stay at home.

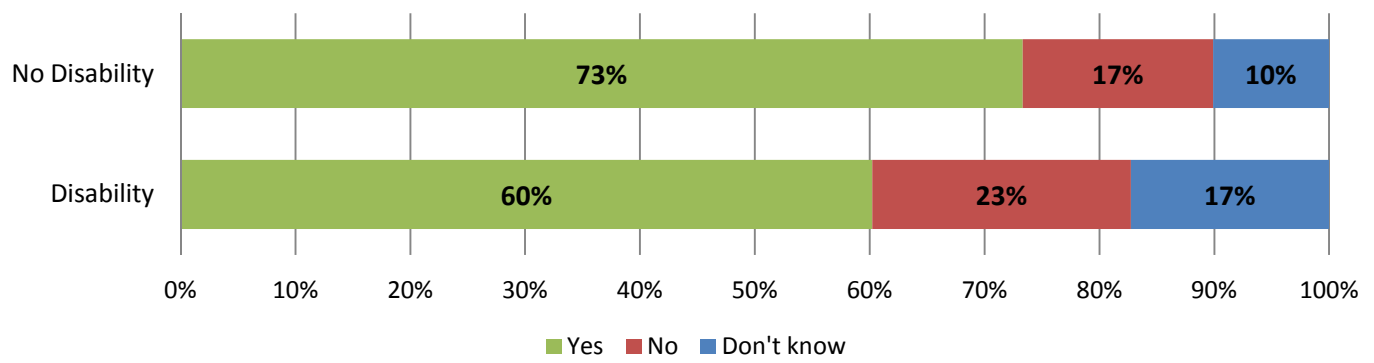
### Gender



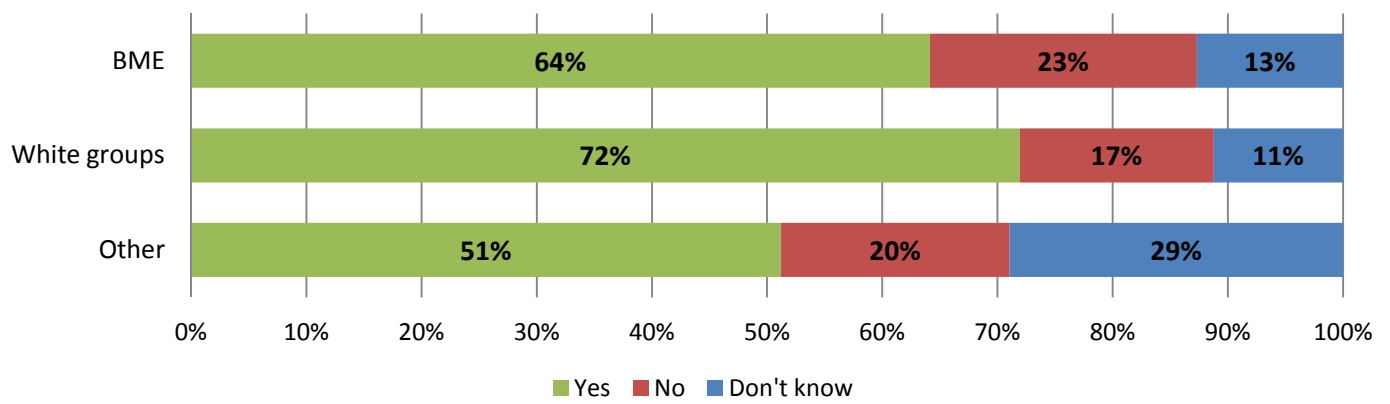
### Age



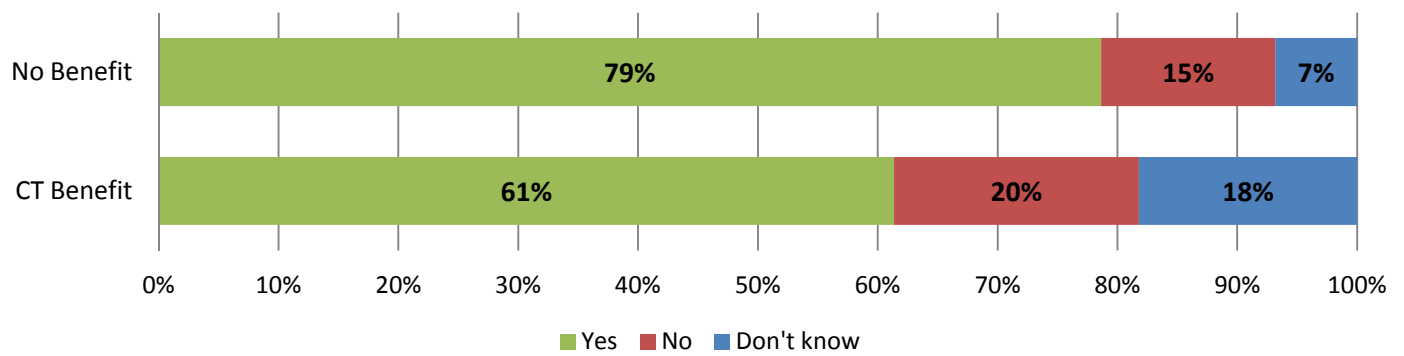
### Disability or health problem expected to last at least 12 months



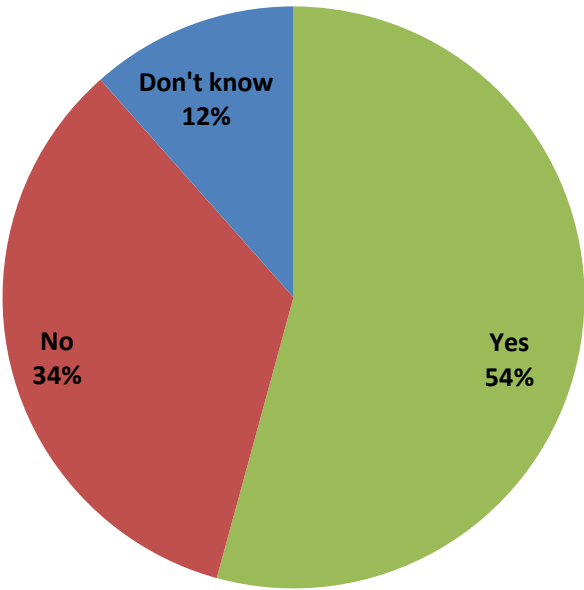
### Ethnicity



### Benefit Recipient



Option 8 To take any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction

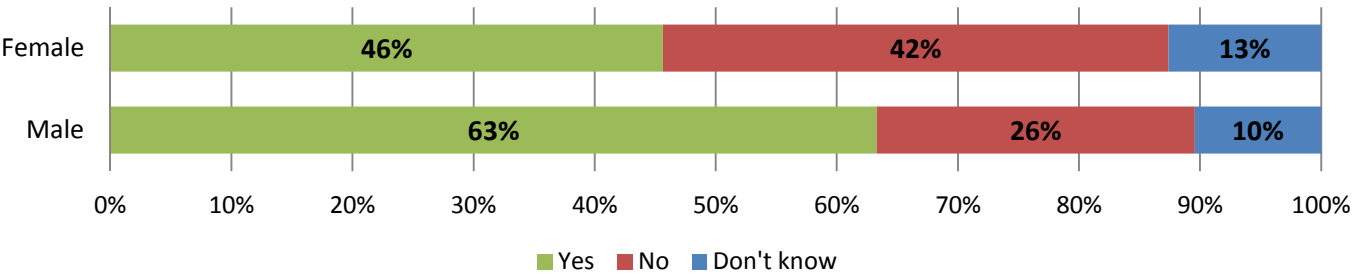


Overall, 54% of respondents are in favour of option 8 – to take any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction.

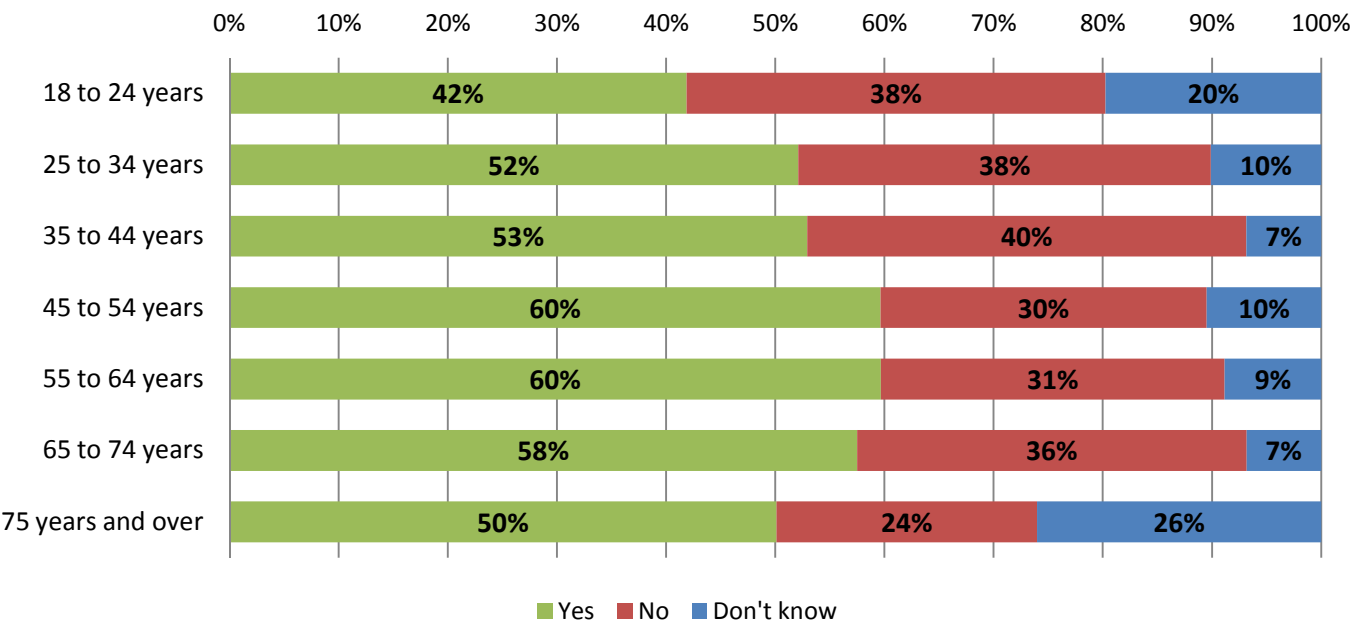
There are some significant variations between groupings. Council Tax reduction recipients have the lowest levels of agreement at 44%, followed by women and respondents with a disability that both had agreement levels of 46%. As women are more likely to be single parents this probably accounts for the lower levels of agreement from this group.

The comments show concern for single parents and some state that this money is intended for the children. However, other comments support all household income being taken into account in the calculation of benefits.

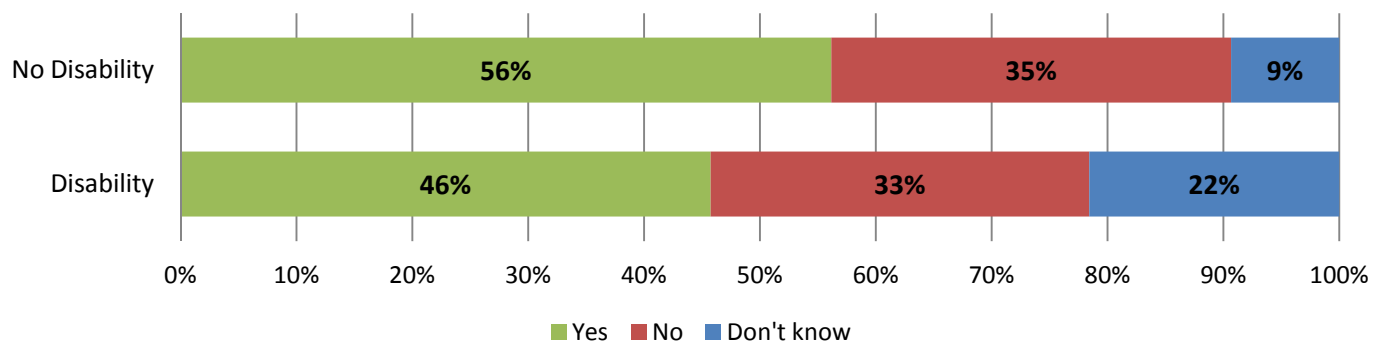
Gender



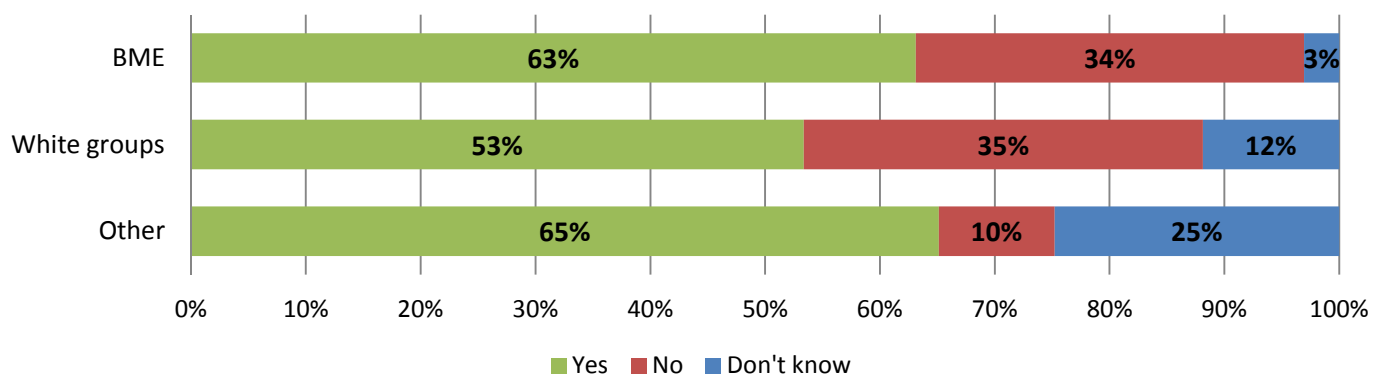
Age



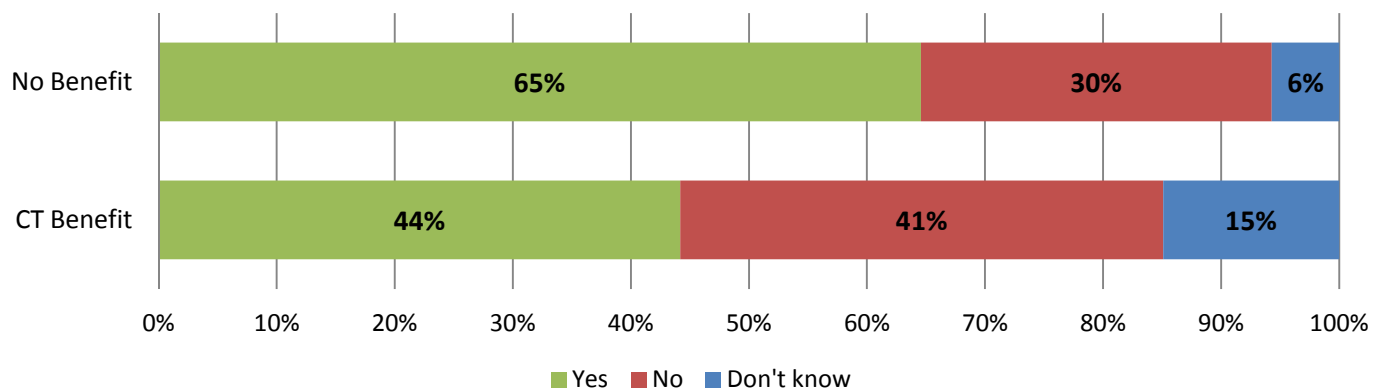
### Disability or health problem expected to last at least 12 months



### Ethnicity

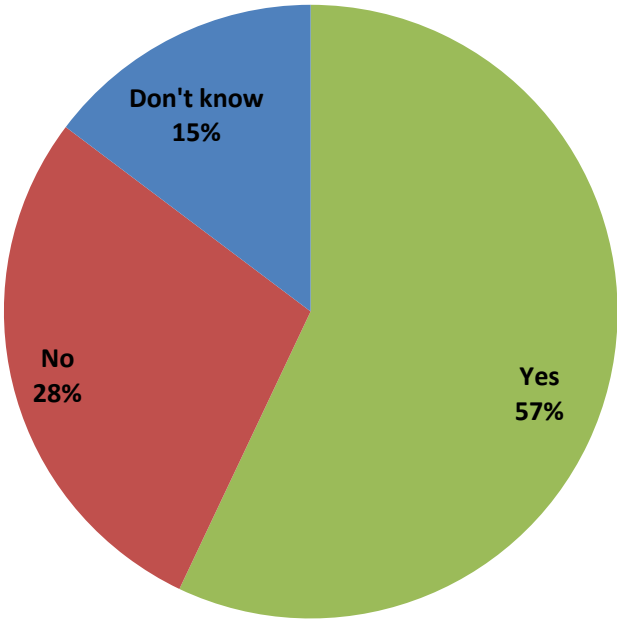


### Benefit Recipient





Option 9 To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge



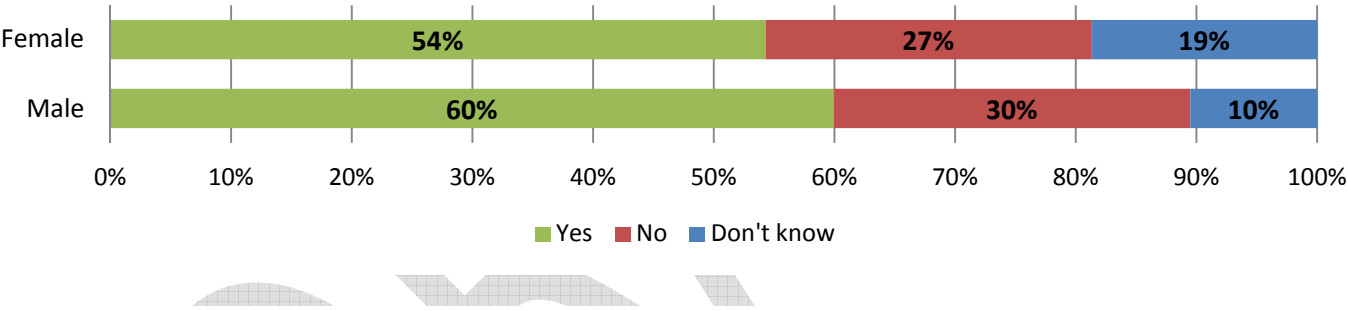
Overall, 57% of respondents are in favour of option 9 – to restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge.

Current Council Tax reduction recipients had the lowest levels of agreement with this option at 48%; with almost 1 in 5 people in this group responding ‘Don’t know’ there may be confusion about how this will work in practice.

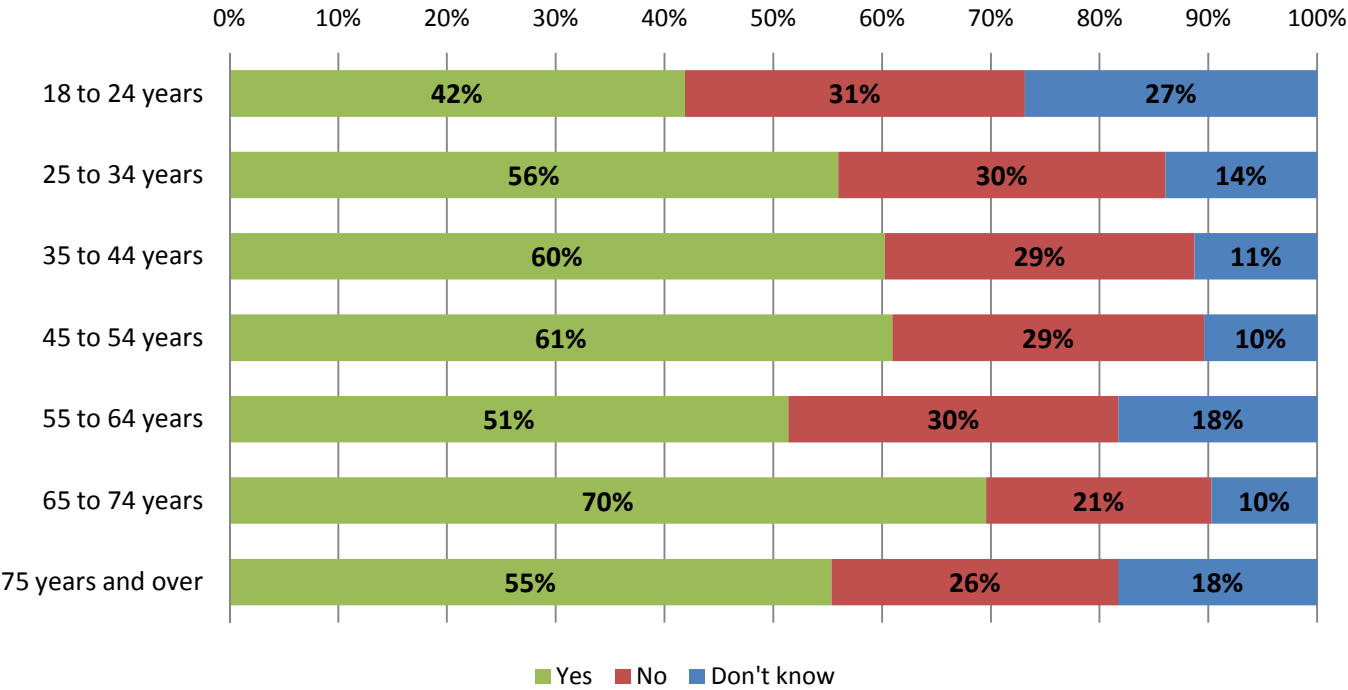
Respondents with a disability had the second lowest levels of agreement with this option at 50%. It is possible some disabled people may be occupying larger properties to accommodate carers and or equipment.

The 65 to 74 year old age group had the highest levels of agreement with this option out of all the groupings.

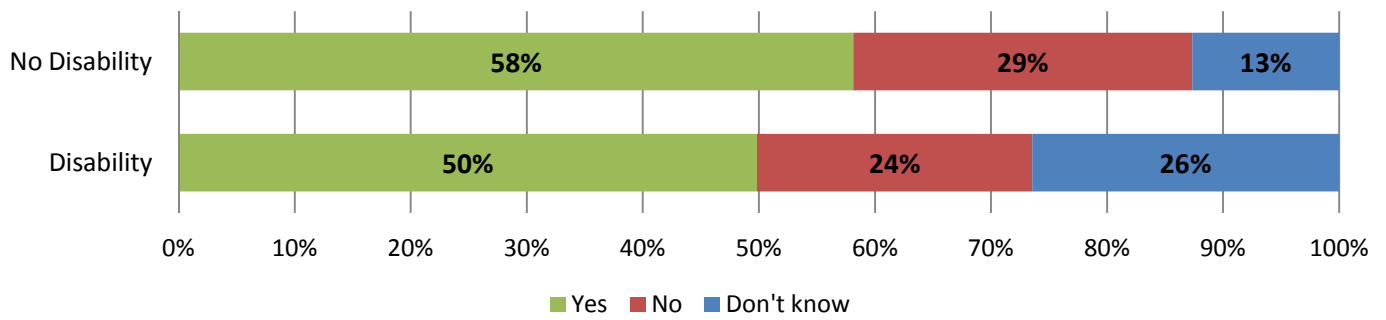
Gender



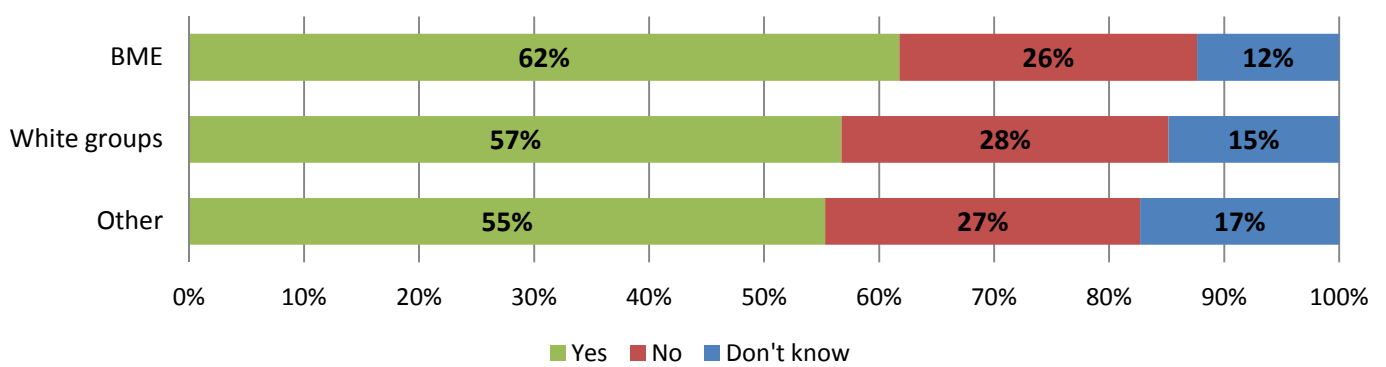
Age



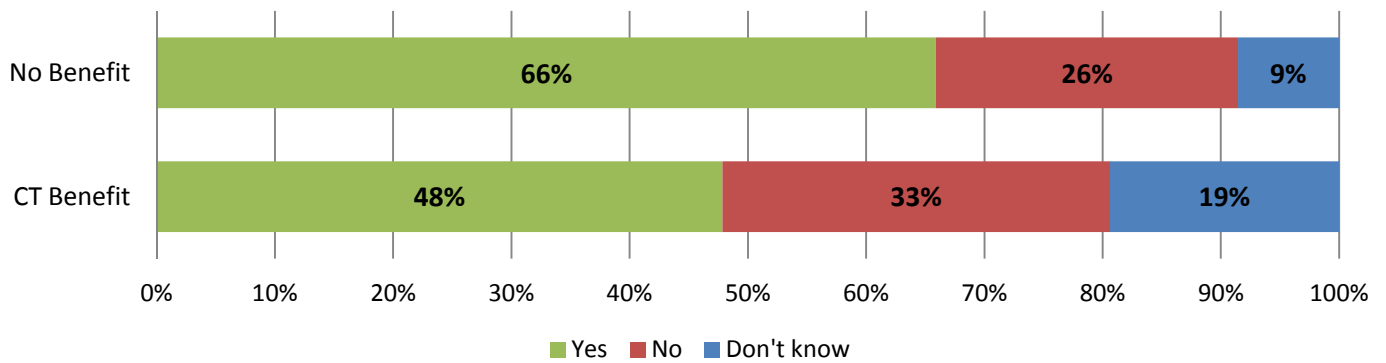
### Disability or health problem expected to last at least 12 months



### Ethnicity



### Benefit Recipient

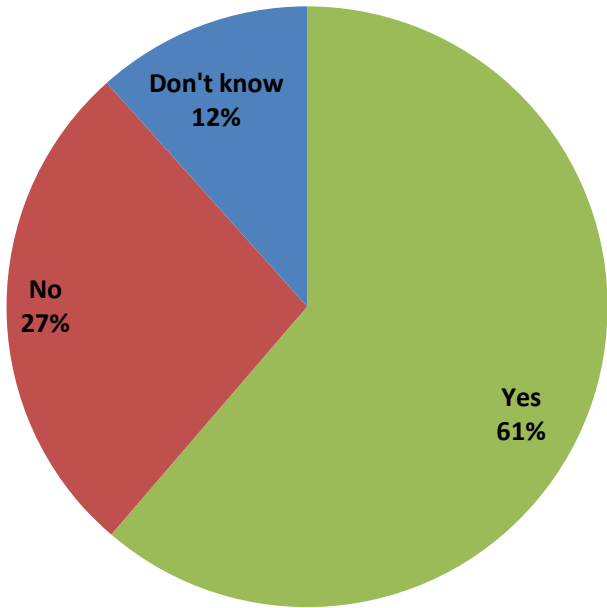


Option 10 To remove Second Adult Reduction from the scheme

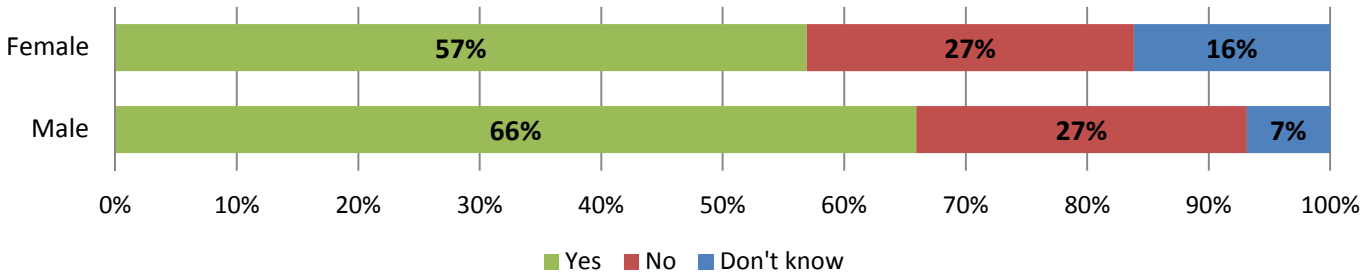
The majority of respondents (61%) are in favour of option 10 – to remove the Second Adult Reduction from the scheme. However, this trend is not reflected across all groupings.

Respondents with a disability had the lowest levels of agreement at 49%; there is a 14% difference in levels of agreement between respondents with a disability and respondents without. It is possible that there is some concern from the group in relation to arrangement for carers who may reside in the property as second adults and may have low incomes.

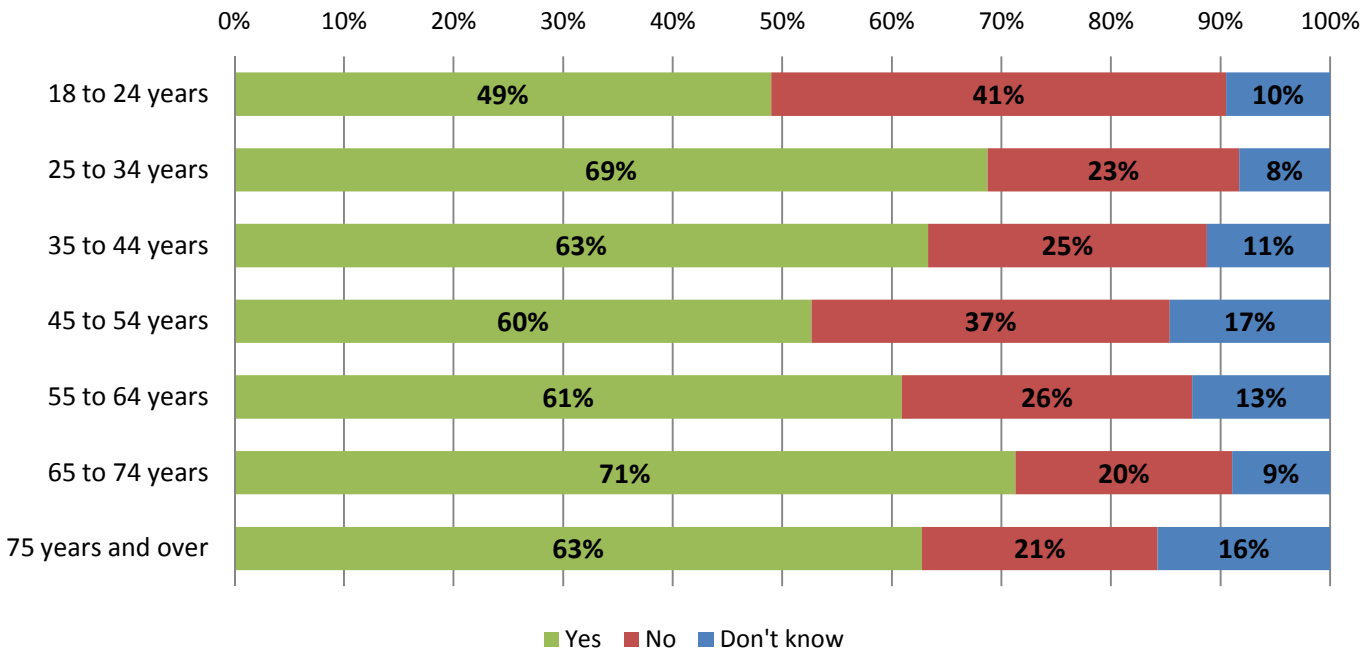
Council Tax reduction Recipients also had low levels of agreement and there was a 15% difference between levels of agreement for this group and respondents who do not receive council tax reduction. It is likely that some of these people will currently be receiving this reduction.



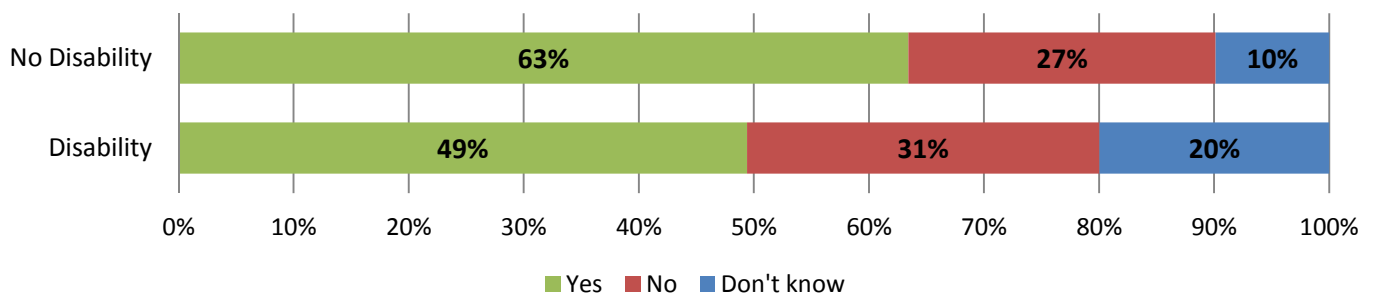
Gender



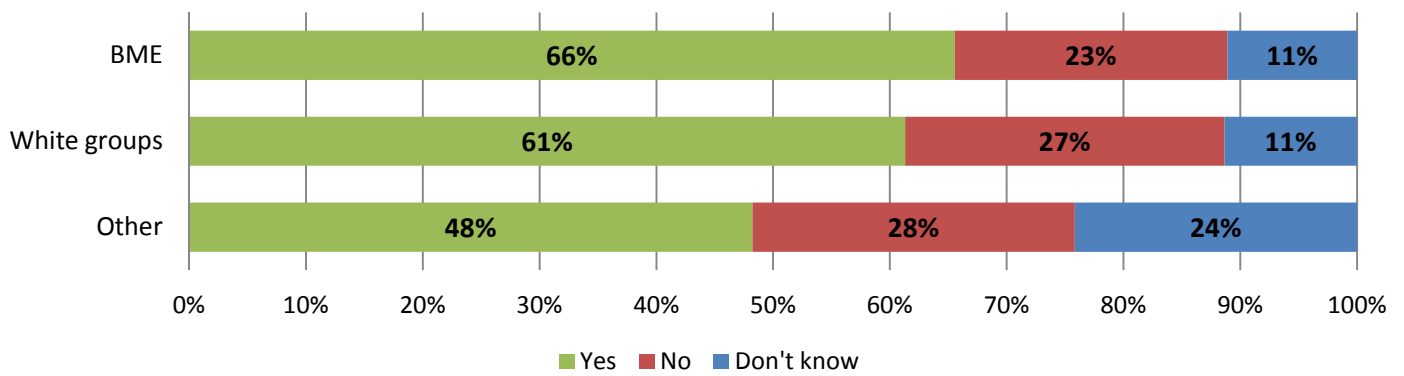
Age



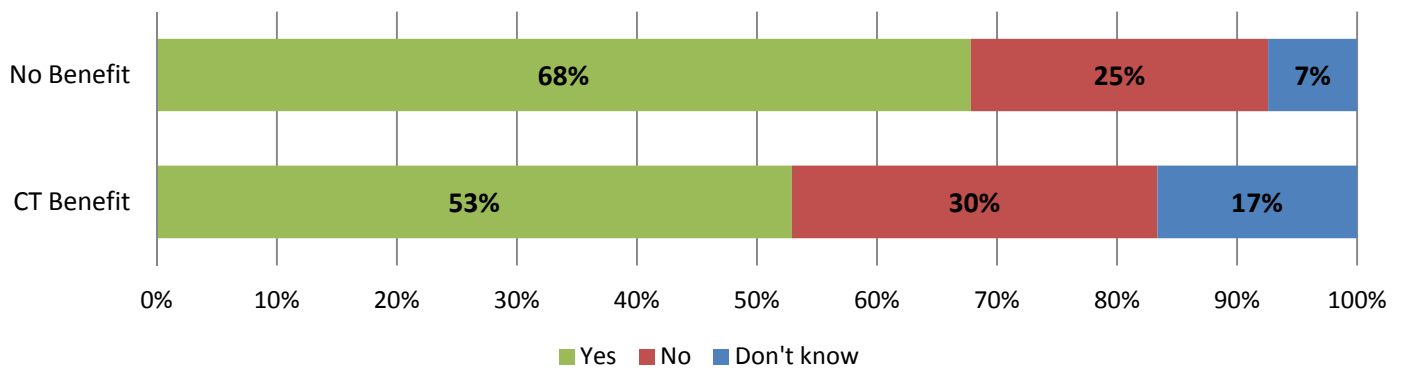
### Disability or health problem expected to last at least 12 months



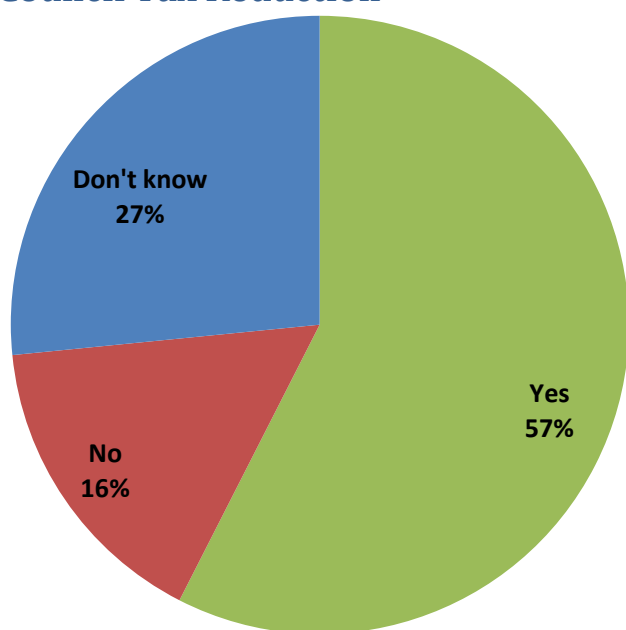
### Ethnicity



### Benefit Recipient



## Option 11 To remove the Work Related Activity component in the calculation of Council Tax Reduction



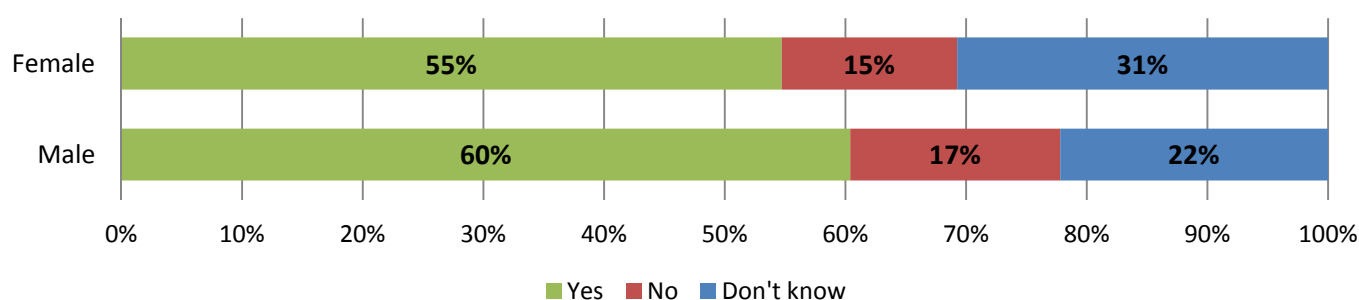
Overall, 57% of respondents are in favour of option 11 – to remove the Work Related Activity component in the calculation of Council Tax Reduction.

Disabled respondents had the lowest levels of agreement with this option at 43%, and there is an 18% difference in agreement between this group and respondents without a disability.

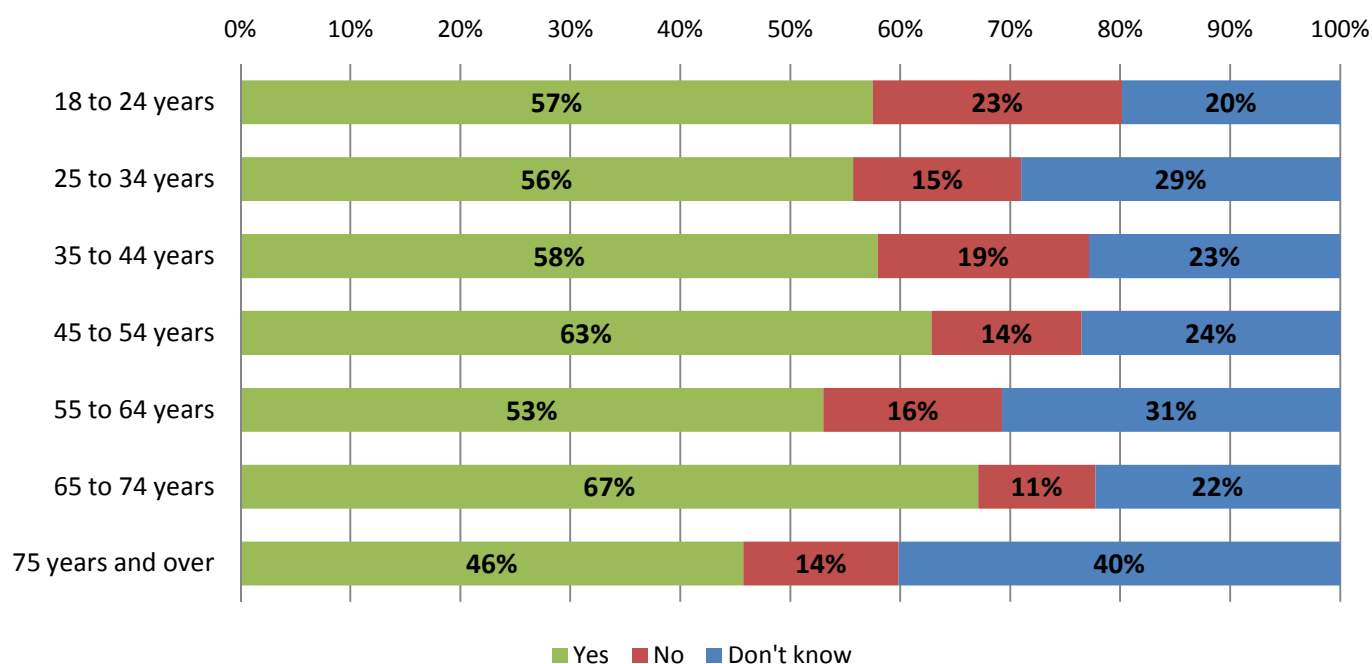
Respondents age 75 years and over also had lower levels of agreement with this option when compared to the other groupings and there is a 21% difference between this group and the age group with the highest agreement level (65 to 74 years).

In addition there is an 18% difference in the levels of agreement between Council Tax reduction recipients and those who do not receive this benefit.

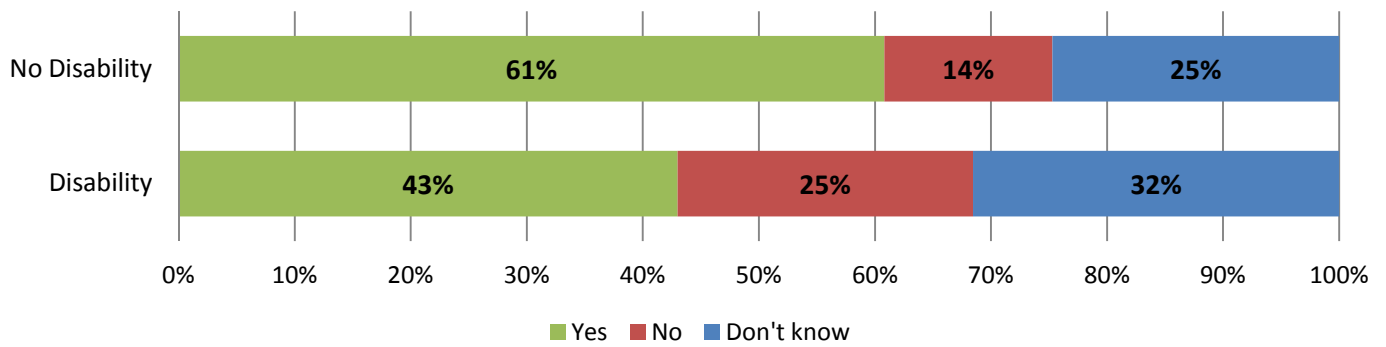
### Gender



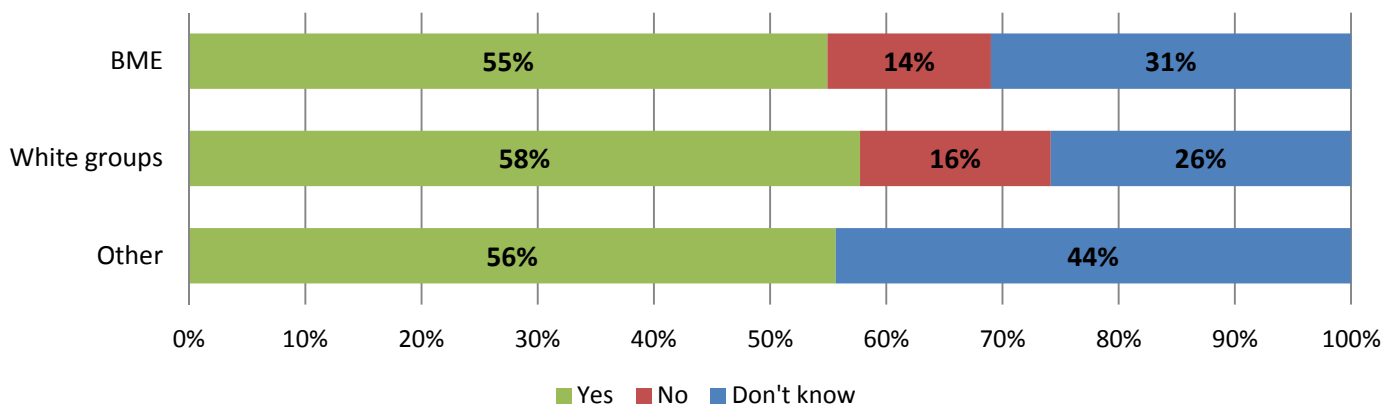
### Age



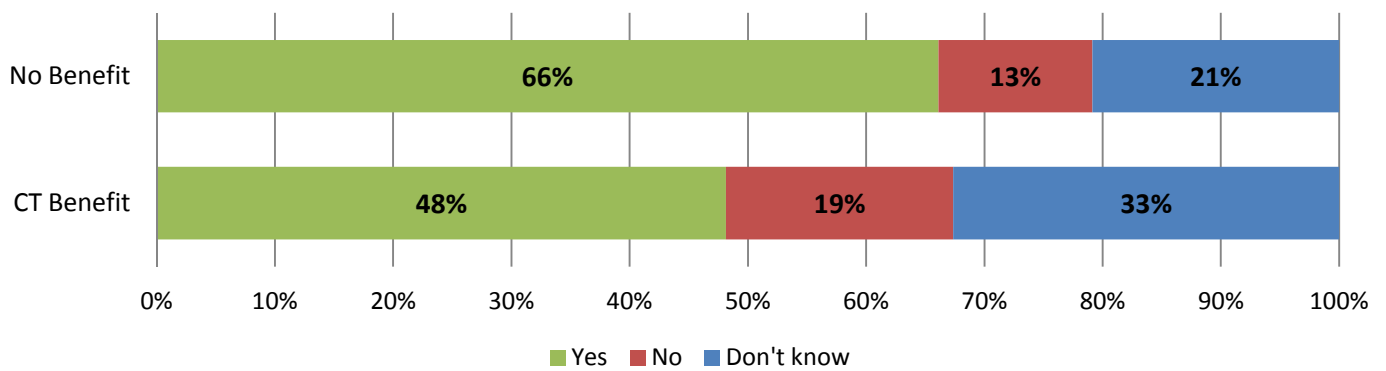
### Disability or health problem expected to last at least 12 months



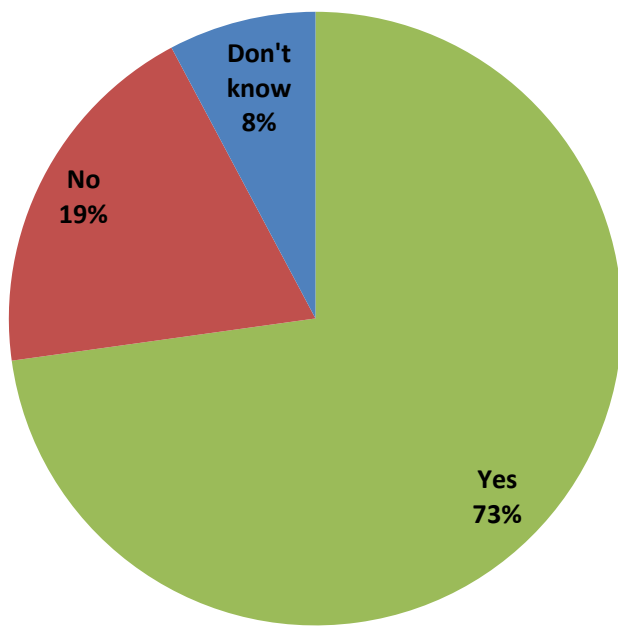
### Ethnicity



### Benefit Recipient



## Option 12 To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

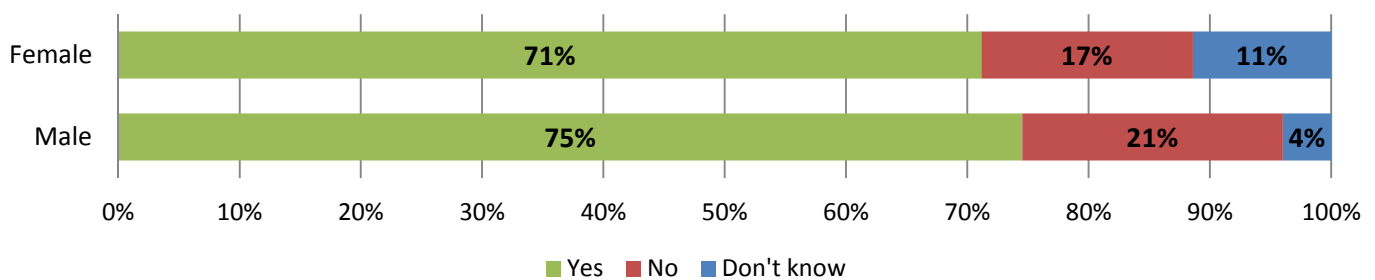


The majority of respondents were in favour of option 12 – to limit the number of dependant children within the calculation of Council Tax Reduction to a maximum of two. This is the case across all groupings.

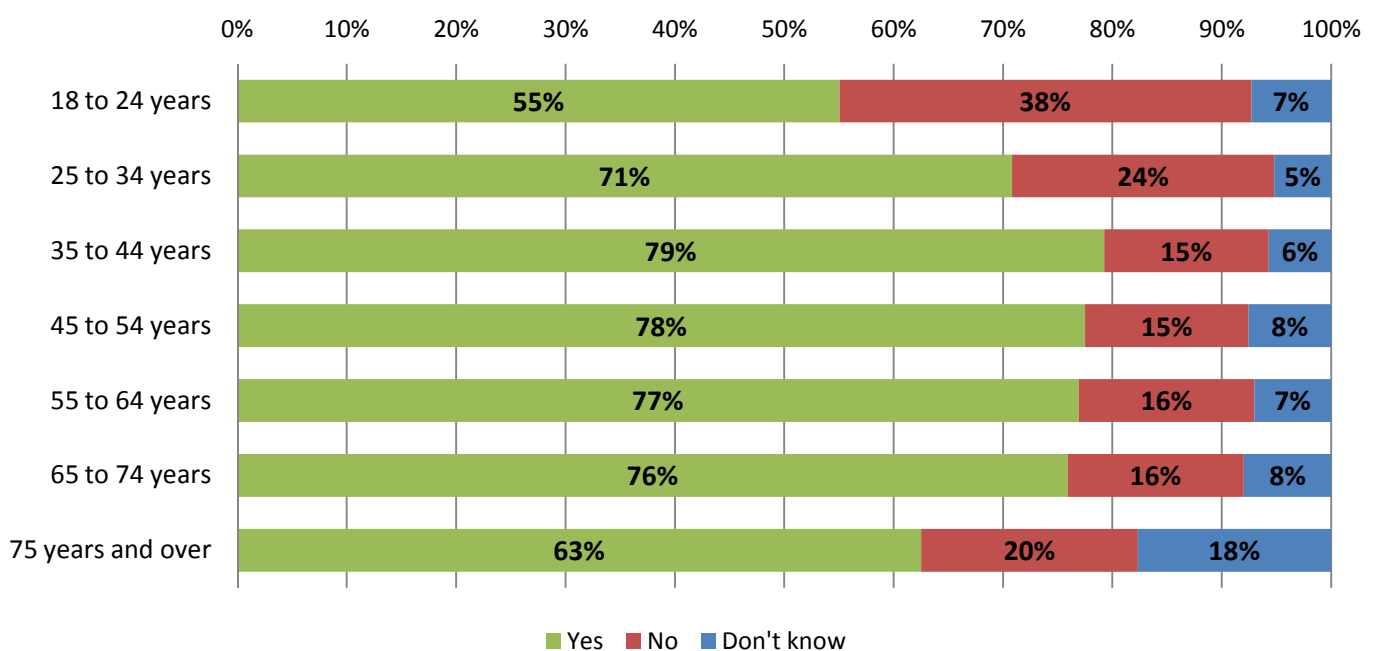
Respondents 75 years and over and those with a disability have slightly lower levels of agreement but the majority of respondents in these groups are in favour of this option.

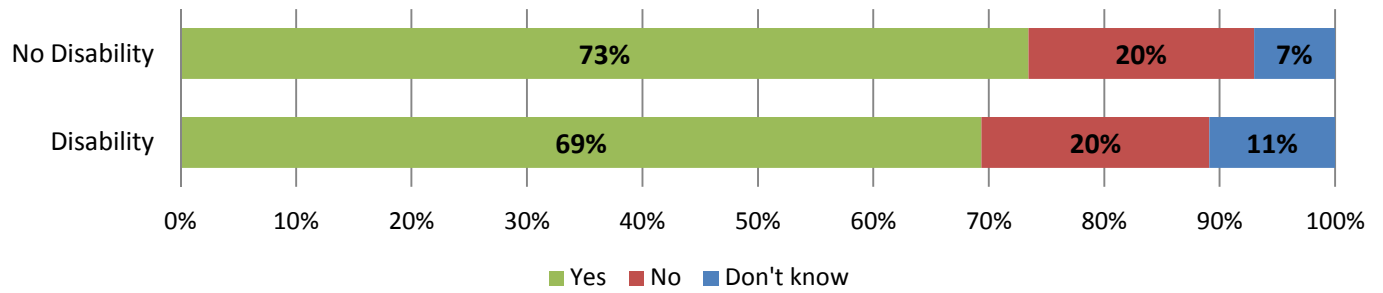
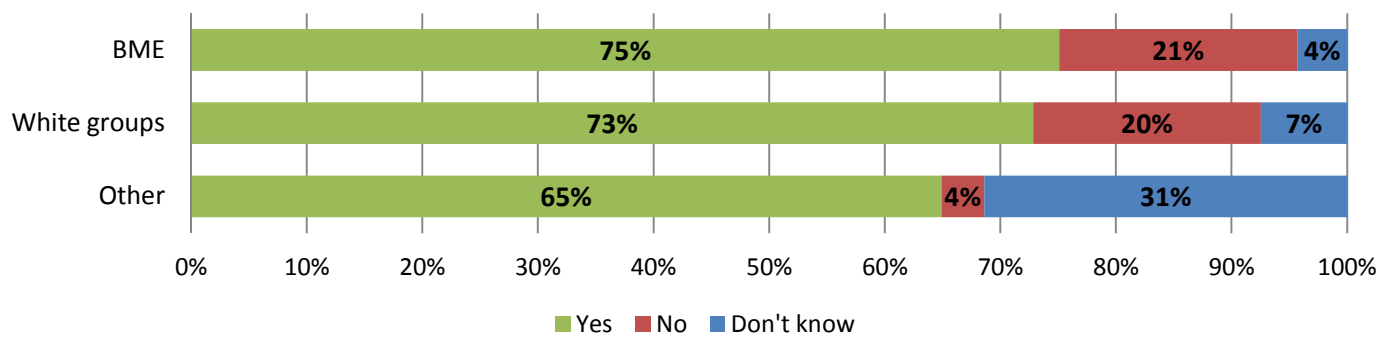
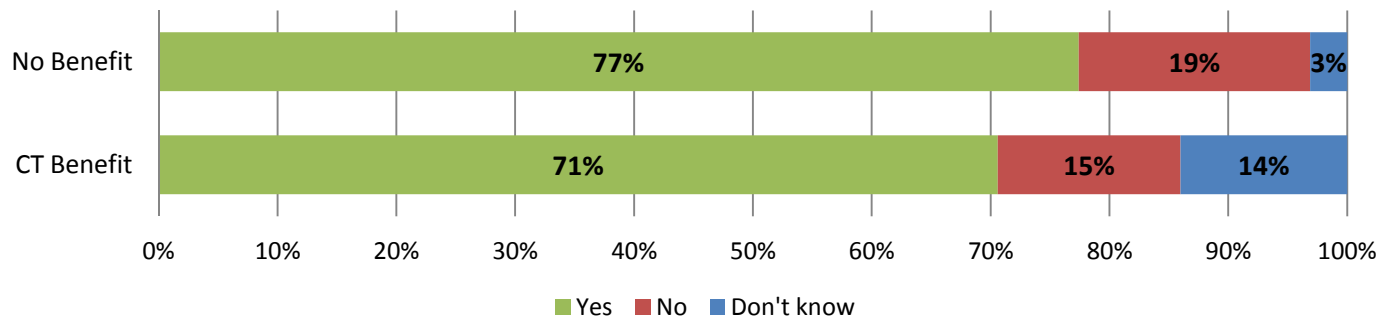
The 18 to 24 years old group also had a significantly lower level of agreement with this option compared to the other age group but these results should be treated with caution as this group was under represented and therefore have been heavily weighted.

### Gender



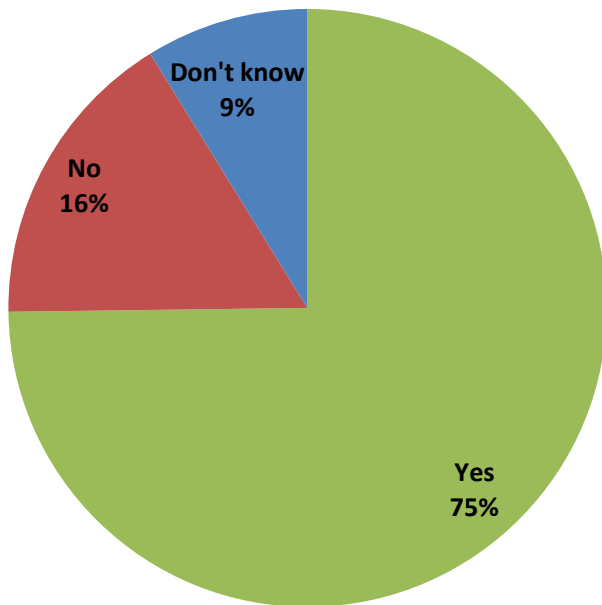
### Age



**Disability or health problem expected to last at least 12 months****Ethnicity****Benefit Recipient**



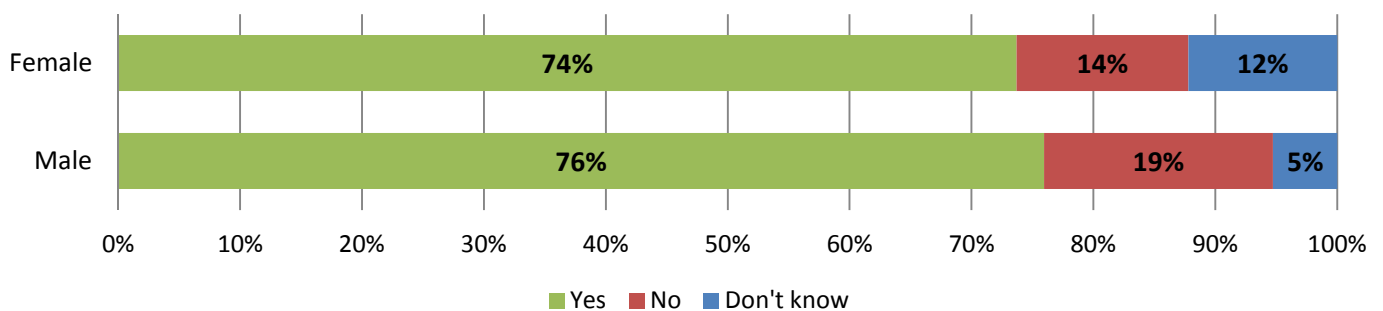
## Option 13 To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship



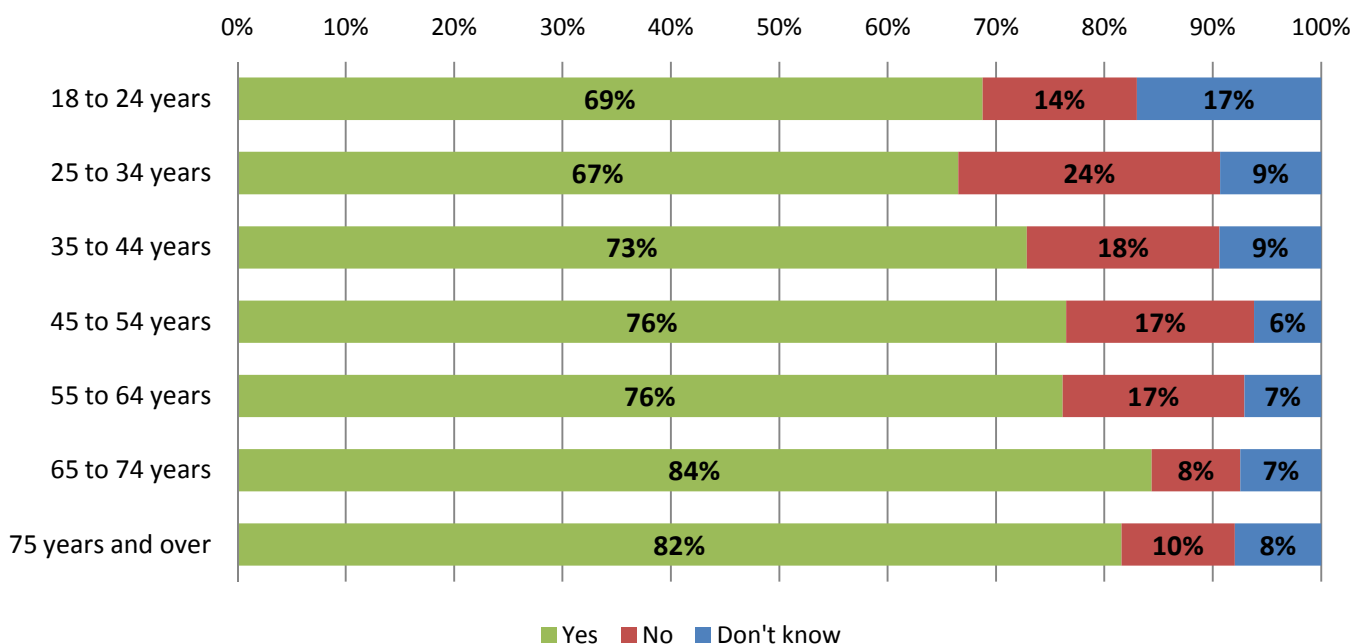
Overall, three out four respondents are in favour of option 13 – to introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship.

The 25 to 34 year old group have the lowest levels of agreement at 67%. There is a difference of 17% between the age group with the greatest level of agreement and this group.

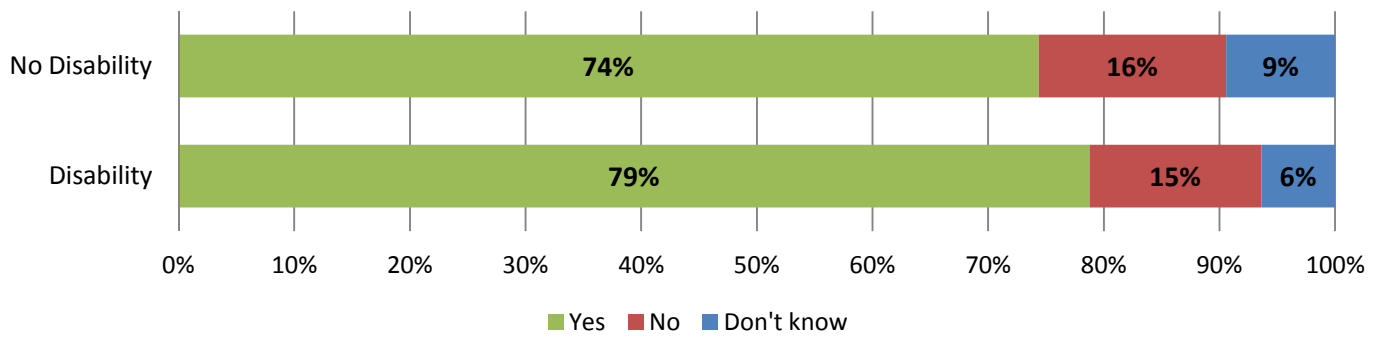
Gender



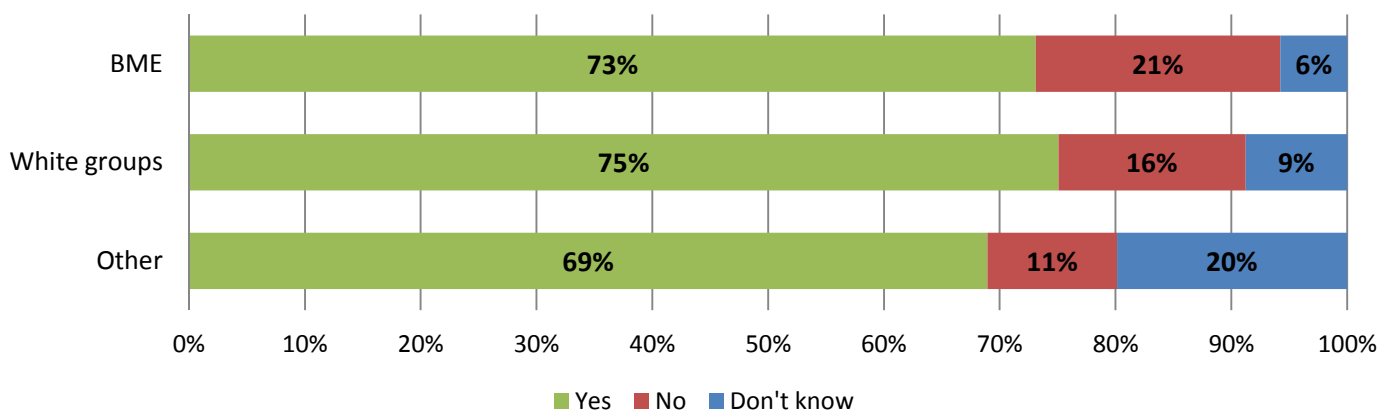
Age



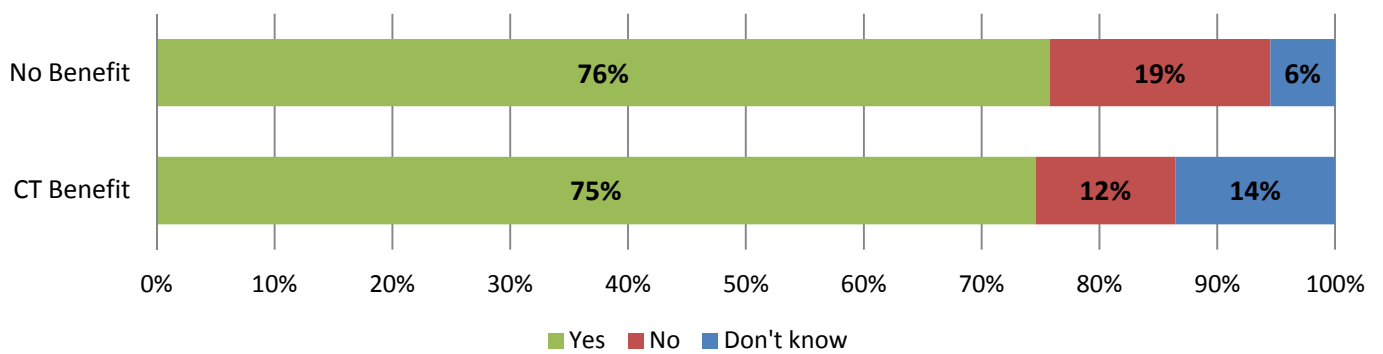
### Disability or health problem expected to last at least 12 months



### Ethnicity



### Benefit Recipient



## Ranking the Options

In addition to asking respondents specifically about each option the questionnaire also asked respondents to rank the options in terms of preference where 1 was the most preferable option and 13 was the least preferred option. To assess which options were most preferable a weighted average calculation has been used.

The table shows the results of the ranking question compared against the levels of agreement with each option as shown in this report. Option 5 was the highest ranked in terms of preferred options, the table shows that this option also had the greatest proportion of respondent agreeing with this as a proposed change to the scheme.

Option 2 had the second greatest proportion of respondents agreeing and came out second most preferable option in the ranking question.

Option 13 had the third greatest proportion of respondents agreeing with this option. However when ranked for preference it dropped to fourth, while option 1 was sixth for levels of agreement but third preferred option.

Option 4 had low levels of agreement and was also came out as low preference, ranked 12<sup>th</sup> for both.

	Average	Average ranked	% Agreeing	% Agreeing ranked
<b>Option 5</b> - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks	9.25	1	83%	1
<b>Option 3</b> - Reducing backdating to one month	8.77	2	75.0%	2
<b>Option 1</b> - Reducing the maximum level of support for working age applicants from 87% to 80%	8.38	3	60.7%	6
<b>Option 13</b> - Introducing a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship	7.71	4	74.8%	3
<b>Option 12</b> - Limiting the number of dependant children within the calculation for Council Tax Reduction to a maximum of two	7.58	5	73%	4
<b>Option 6</b> - Reducing the capital limit from the existing £16,000 to £6,000	7.34	6	60.6%	7
<b>Option 7</b> - Introducing a standard level of non-dependant deduction of £10 for all claimants who have non dependants resident with them	6.86	7	71%	5
<b>Option 8</b> - To take any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction	6.56	8	54%	11
<b>Option 2</b> - Removing the Family Premium for all new working age applicants	6.55	9	50%	13
<b>Option 10</b> - To remove Second Adult Reduction from the scheme	6.53	10	61.3%	8
<b>Option 9</b> - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge	6.50	11	57%	10
<b>Option 4</b> - Using a set income for self-employed earners after one year's self-employment	6.08	12	51%	12
<b>Option 11</b> - To remove the work related activity component in the calculation of Council Tax Reduction	5.30	13	58%	9

## Survey Demographics and Applied Weighting

	Unweighted <sup>2</sup>		Population	
	Count	%	Count	%
<b>Gender (Over 18s 2011 Census)</b>				
Men	450	48%	59,049	49%
Women	496	52%	62,410	51%
<b>Age (2011 Census)</b>				
18 to 24 years	27	3%	12,001	10%
25 to 34 years	164	17%	19,223	16%
35 to 44 years	194	21%	22,122	18%
45 to 54 years	208	22%	22,152	18%
55 to 64 years	182	19%	19,447	16%
65 to 74 years	114	12%	14,269	12%
75 years and over	52	6%	12,245	10%
<b>Ethnicity (2011 Census 16 years and over)</b>				
White groups	870	95%	145,996	94%
BME	50	5%	9,147	6%
<b>Disability (2011 Census all people)</b>				
Disability	138	15%	24,505	16%
No Disability	791	85%	130,638	84%
<b>Council Tax Benefit Recipient</b>				
Receives benefit	371	38%		
No CT Benefit	558	57%		
Not Sure & N/A	43	4%		

The table to the left shows the profile of the survey respondents in relation to the population of Maidstone.

This table shows that people aged 24 years and under and those aged 75 and over are unrepresented. It also shows that those respondents between 35 and 64 years are fractionally over represented.

The results in this report have been weighted by age and sex and therefore some of this variance has been accounted for.

Age	Population		Survey		Weighting Applied
	Males	%	Males	%	
18 to 24 years	6,300	5%	7	1%	6.88
25 to 34 years	9,319	8%	62	7%	1.15
35 to 44 years	10,879	9%	88	9%	0.94
45 to 64 years	11,163	9%	94	10%	0.91
55 to 64 years	9,534	8%	95	10%	0.77
65 to 74 years	6,955	6%	79	9%	0.67
75 years and over	4,899	4%	19	2%	1.97
	<b>Females</b>	<b>%</b>	<b>Females</b>	<b>%</b>	<b>Weighting Applied</b>
18 to 24 years	5,701	5%	20	2%	2.18
25 to 34 years	9,904	8%	100	11%	0.76
35 to 44 years	11,243	9%	102	11%	0.84
45 to 64 years	10,989	9%	112	12%	0.75
55 to 64 years	9,913	8%	84	9%	0.90
65 to 74 years	7,314	6%	34	4%	1.64
75 years and over	7,346	6%	32	3%	1.75

<sup>2</sup> Rounding anomalies mean that these percentages may not add up exactly to 100%

## Appendix A – Unweighted Results

**1. I have read the background information about the Council Tax Reduction Scheme (this question must be answered before continuing).**

Answer Options	Response Percent	Response Count
Yes	98.5%	1449
No	1.5%	22
<b>answered question</b>		<b>1471</b>
<b>skipped question</b>		<b>0</b>

**2. Should the Council continue to fund and operate the Council Tax Reduction Scheme as we do now?**

Answer Options	Response Percent	Response Count
Yes	51.8%	663
No	33.8%	433
Don't know	14.4%	185
<b>answered question</b>		<b>1281</b>
<b>skipped question</b>		<b>190</b>

### Option 1

Answer Options	Response Percent	Response Count
Yes	59.0%	706
No	32.7%	392
Don't know	8.3%	99
<b>answered question</b>		<b>1197</b>
<b>skipped question</b>		<b>274</b>

### Option 2

Answer Options	Response Percent	Response Count
Yes	50.8%	586
No	35.2%	406
Don't know	14.0%	161
<b>answered question</b>		<b>1153</b>
<b>skipped question</b>		<b>318</b>

### Option 3

Answer Options	Response Percent	Response Count
Yes	76.2%	863
No	16.4%	186
Don't know	7.3%	83
<b>answered question</b>		<b>1132</b>
<b>skipped question</b>		<b>339</b>

### Option 4

Answer Options	Response Percent	Response Count
Yes	50.2%	557
No	31.7%	351
Don't know	18.1%	201
<b>answered question</b>		<b>1109</b>
<b>skipped question</b>		<b>362</b>

### Option 5

Answer Options	Response Percent	Response Count
Yes	82.0%	908
No	10.9%	121
Don't know	7.0%	78
<b>answered question</b>		<b>1107</b>
<b>skipped question</b>		<b>364</b>

### Option 6

Answer Options	Response Percent	Response Count
Yes	58.8%	644
No	33.5%	367
Don't know	7.8%	85
<b>answered question</b>		<b>1096</b>
<b>skipped question</b>		<b>375</b>

### Option 7

Answer Options	Response Percent	Response Count
Yes	70.6%	766
No	16.9%	183
Don't know	12.5%	136
<b>answered question</b>		<b>1085</b>
<b>skipped question</b>		<b>386</b>

### Option 8

Answer Options	Response Percent	Response Count
Yes	55.7%	602
No	34.5%	373
Don't know	9.7%	105
<b>answered question</b>		<b>1080</b>
<b>skipped question</b>		<b>391</b>

Option 9		
Answer Options	Response Percent	Response Count
Yes	56.5%	602
No	29.0%	309
Don't know	14.5%	154
<b>answered question</b>		<b>1065</b>
<b>skipped question</b>		<b>406</b>

Option 10		
Answer Options	Response Percent	Response Count
Yes	60.2%	641
No	28.1%	299
Don't know	11.7%	124
<b>answered question</b>		<b>1064</b>
<b>skipped question</b>		<b>407</b>

Option 11		
Answer Options	Response Percent	Response Count
Yes	55.9%	591
No	16.1%	170
Don't know	28.1%	297
<b>answered question</b>		<b>1058</b>
<b>skipped question</b>		<b>413</b>

Option 12		
Answer Options	Response Percent	Response Count
Yes	74.9%	793
No	17.8%	189
Don't know	7.3%	77
<b>answered question</b>		<b>1059</b>
<b>skipped question</b>		<b>412</b>

Option 13		
Answer Options	Response Percent	Response Count
Yes	73.7%	775
No	17.3%	182
Don't know	8.9%	94
<b>answered question</b>		<b>1051</b>
<b>skipped question</b>		<b>420</b>

**30. Thinking about impact on claimants and the impact from the reduction in funding for the Council, say what you think would be most preferable by writing a number from 1 – 13 in the boxes below, where 1 is the option that is most preferable and 13 is the least.**

Answer Options	1	2	3	4	5	6	7	8	9	10	11	12	13	Rating Average	Response Count
Option 1	200	59	28	32	43	35	32	24	34	33	34	38	73	8.31	665
Option 2	16	44	50	45	57	42	59	54	55	71	47	68	36	6.51	644
Option 3	87	105	91	60	42	56	32	46	24	27	24	28	23	8.83	645
Option 4	17	34	27	62	51	48	58	50	62	57	66	42	67	6.21	641
Option 5	86	100	117	59	59	35	37	30	32	24	26	23	9	9.16	637
Option 6	50	69	61	55	53	62	37	35	31	45	47	53	61	7.26	659
Option 7	7	24	42	53	61	80	98	58	73	56	47	33	22	6.75	654
Option	26	40	62	53	63	43	54	81	34	43	38	57	75	6.65	669

8															
Option 9	22	31	37	63	62	52	53	57	71	65	59	57	40	6.47	669
Option 10	18	32	43	53	68	49	57	72	69	74	57	42	43	6.49	677
Option 11	5	17	20	29	43	62	56	58	79	86	101	73	72	5.22	701
Option 12	93	65	79	58	45	63	46	37	33	32	40	48	65	7.76	704
Option 13	180	62	46	39	32	40	48	35	25	45	31	57	127	7.53	767
answered question															857
skipped question															614

**31. Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.**

Answer Options	Yes	No	Don't know	Rating Average	Response Count
Increase the level of Council Tax	163	736	66	1.90	965
Find savings from cutting other Council services	378	474	106	1.72	958
Use Council's savings	438	391	122	1.67	951
<b>answered question</b>					<b>985</b>
<b>skipped question</b>					<b>486</b>

**32. If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing a number from 1 – 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.**

Answer Options	1	2	3	Rating Average	Response Count
Increase the level of Council Tax	181	121	538	2.43	840
Reduce funding available for other Council services	258	393	195	1.93	846
Use the Council's savings	441	315	142	1.67	898
<b>answered question</b>					<b>921</b>
<b>skipped question</b>					<b>550</b>

**Equality Impact Assessment  
Council Tax Reduction Scheme**

Authority:	Maidstone Borough Council
Date EqIA commenced:	1 June 2016
Date first stage EqIA finalised for pre-consultation decision:	7 June 2016 (to be agreed by Management Board).
Date second stage EqIA finalised after consultation closed, prior to final decision being taken:	13 September 2016
Job titles of officers involved in completing the EqIA:	MKS Shared Service Director Policy and Information Manager Equalities and Corporate Policy Officer



### **Summary of decision to be made**

Since 1 April 2013 the council has maintained a local Council Tax Reduction Scheme. The council has the ability to determine the level of reduction given to working age applicants only. The scheme for pension age applicants is determined by Central Government.

We have decided to complete a full review of the scheme. The objectives of the review are to:

- Accurately target support to those working age claimants who most need it.
- Align the scheme with proposed changes to Housing Benefit and introduction of Universal Credit.
- Address potential shortfalls in funding due to the continued reduction in Central Government grants.
- Maintain a common approach to the design of local schemes across Kent.

### **Scope of this equality impact assessment**

- Review of the current scheme, introduced on 1 April 2013.
- Proposed changes to the scheme from 1 April 2017.

### **How is the decision relevant to the three aims of the Public Sector Equality Duty?**

- The need to ensure that the scheme is not unlawfully discriminatory is relevant to the first aim of the duty to eliminate discrimination, harassment and victimisation.
- The need to consider how we can take steps to meet the needs of people with protected characteristics and whether people with disabilities may need to be treated more favourably, in how the scheme is designed, is relevant to the second aim of the duty to advance equality of opportunity.
- The proposed service changes could also be relevant to fostering good relations with regard to maintaining the confidence and trust in the local authority by people with protected characteristics who may use our services.

### **Review of the current scheme, introduced on 1 April 2013**

The current scheme requires all working age claimants to pay 13% of their council tax liability. Transitional funding meant claimants were only required to pay 8.5% in the first year of the scheme.

The current scheme was subject to a comprehensive equality impact assessment in 2012. That assessment identified that our Council Tax Reduction Scheme had the potential to have the greatest negative impact on working age people with disabilities and carers. To mitigate these potential impacts it was agreed that we would continue to treat people with disabilities and carers more favourably by disregarding some income, giving them a higher council tax reduction. The impact on working age groups was as a result of the Government protecting pension age people from any changes. However, transitional funding was intended to reduce the extent of the impacts in the first year of the scheme.

## Equality Impact Assessment Council Tax Reduction Scheme

The equality impact assessment was reviewed during the transitional year, by Full Council in December 2013, prior to introducing a 13% reduction. No changes to the impacts or mitigating actions were identified.

The equality impact assessment was reviewed again by Full Council in December 2015, prior to extending the scheme for a further year in 2016-17 and found that the impact of the 13% reduction had been mitigated to some extent by disregarding some income for people with disabilities and carers, resulting in a higher council tax reduction. This outcome was better than predicted by an earlier analysis. The assessment also found that the difference between the average weekly amounts received by males and females had reduced. The difference in average weekly amounts received across age groups had also reduced. No further mitigating actions were identified.

The findings from the data are summarised below.

### **Disability**

Working age people with disabilities continue to make up a high proportion of the caseload at 19%. Across the options put forward for consultation, working age people with disabilities continue to receive more per week, than working age people without disabilities, on average.

### **Carers**

There is a slightly lower proportion of claimants with a carer in the household, than the population overall. Working age claimants with a carer in the household continue to receive more per week, on average, than working age claimants without a carer in the household.

### **Age**

Age groups broadly reflect the overall population. Those aged 55-64 currently receive the highest weekly amount, on average. Those aged 18-24 currently receive the lowest weekly amount, on average.

### **Sex**

Females continue to make up a high proportion of the caseload at 69%. Although, there is a difference between the average amounts females and males receive per week. This is due to factors relating to circumstances which directly affect the calculation of council tax reduction, and is not linked to a claimant's sex.

### **Race**

This information is not collected from claimants as it is not relevant to the calculation of council tax reduction. No new data is available, following the consultation in 2012.

# Equality Impact Assessment Council Tax Reduction Scheme

## Other protected characteristics

We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:

- Religion of belief
- Sexual orientation
- Gender reassignment
- Marital or civil partnership status
- Pregnancy or maternity

## Proposed changes to the scheme from 1 April 2017

There are 13 options being presented for consultation. Where an option applies to new claimants, data for current claimants has been provided as an indication of the possible impacts as it is not possible to predict who may apply after 1 April 2017.

## Summary of initial findings prior to consultation

A summary of notable and/or significant potential impact of each of the consultation options on protected characteristics, identified from claimant data and other considerations, is provided in table below. All options could potentially impact on working age claimants with one or more of the protected characteristics of disability, age, sex or race. The extent of these impacts will be considered further following the consultation.

	Protected characteristic (potential for impact identified from claimant data)			
Consultation option	Disability (inc. carers)	Age	Sex	Race
<b>1</b>				
<b>2</b>		Yes	Yes	
<b>3</b>		Yes		
<b>4</b>		Yes		
<b>5</b>				
<b>6</b>	Yes	Yes		
<b>7</b>	Yes	Yes	Yes	
<b>8</b>		Yes	Yes	
<b>9</b>	Yes	Yes		
<b>10</b>		Yes	Yes	
<b>11</b>	Yes	Yes		
<b>12</b>		Yes		
<b>13</b>				

## Review of the current scheme, introduced on 1 April 2013

## Equality Impact Assessment Council Tax Reduction Scheme

All working age claimants, including those with protected characteristics, have received a reduction in their reduction amount. Pension age claimants, who also have protected characteristics, have not received a reduction as they are protected from any changes by Central Government.

The data shows that we have continued to provide higher reductions to working age people with disabilities and carers. There is no evidence to suggest that this is insufficient to mitigate the impacts of the scheme overall. The calculation of the reduction amount is not related to a claimant's sex or age (with the exception of those of pension age who are protected). Any differences between the average weekly amounts received by males, females and working age groups is likely to be as a result of other factors. The analysis has not taken account of any council tax increases year on year so it is not possible to make comparisons between amounts across years.

### **Actions to mitigate any identified impacts**

The possible introduction of an exceptional hardship scheme has been included as an option for consultation. The potential impact on working age claimants with protected characteristics will be taken into account, together with the consultation findings, when deciding which options will be taken forward. The need for any additional mitigating actions will be identified at that stage.

It is possible that individual claimants may be affected by more than one of the options presented for consultation. We will carry out data modelling to identify categories of claimants who may be affected by any options taken forward.

## Findings following public consultation

Residents were consulted on proposed changes to Council Tax reduction between 1 July and 24 August 2016.

The consultation response has been evaluated in terms of the risk of discrimination against those with a protected characteristic. It should be noted that there were low response rates from the 18-24 and the 75 years and over age groups.

The impact on the protected characteristics of the following groups was considered prior to consultation as current claimant data was available: Disability (including carers); Age; and Sex. Current claimant data does not include information on a claimant's ethnicity as it is not relevant to the collection of Council tax. However, following consultations, significant differences of opinion between respondents with different ethnicities have been noted under some of the options considered and have been included in the findings.

## Disability

There is a potential impact on people of working age with a disability as a result of the following consultation options:

- **Option 6 (reduce the capital limit to £6000):** 19% of existing claimants have a disability. Under this option, this could increase to 37%, a rise of 18%.
- **Option 11 (remove the award of a Work Related Activity Component):** 19% of existing claimants in this category have a disability; this could increase to 40% under this option, a rise of 21%. However as the proposal applies to **new claims only** the current figure would remain at 19%. We are unable to determine the impact on possible new claimants.

## Consultation findings

- **Option 6:** 57% of those with a disability agreed with this option. There was a 15% difference in opinion between respondents with a disability (57%) and those without (62%).
- **Option 11:** 43% of those with a disability agreed with this option. There was an 18% difference in opinion between respondents with a disability (43%) and those without (61%).

## Carers

There is a potential impact on people of working age with a carer in the household of the following consultation options:

- **Option 6 (reduce the capital limit to £6000):** There could be a 4% increase in the number of carers under this option, rising from 8% to 12%.

## Equality Impact Assessment Council Tax Reduction Scheme

- **Option 7 (non-dependent deductions):** There could be a 7% increase in the number of carers claims under this option.
- **Option 9 (Awards with liability over band D):** 8% of existing claimants are carers. Under this option this could increase to 15%.

### Consultation findings

- **Option 6:** There was no notable difference of opinion between respondents with a disability and those without.
- **Option 7:** 60% of those with a disability agreed with this option. There was a 13% difference in opinion between respondents with a disability (60%) and those without (73%).
- **Option 9:** There was no notable difference of opinion between respondents with a disability and those without.

### Age

Pension age households will not be affected by the schemes proposed, however there is a potential, notable impact on other age groups in the following scheme options:

- **Option 2 (remove family premium):** There could be an increase of 19% for existing claimants aged 25-44 which would be a total of 69%. However, the proposal applies to **new claims** only so the figure would remain at 50% at this stage.
- **Option 3 (awards with backdating):** A 10% increase for claimants aged 25-44 which would be 60% of all claimants.
- **Option 4 (self-employed income under 1 year):** A 12% increase of those aged 25-54 which would be a total of 87% of all claimants.
- **Option 6 (reduce the capital limit to £6000):** An increase of 26% of those aged 45-64 which would be 68% of all claimants.
- **Option 7 (non-dependant deduction):** An increase of 31% of those aged 35-64 which would be 98% of all claimants.
- **Option 8 (awards with child maintenance):** An increase of 21% of those aged 25-54 which would be 98% of all claimants.
- **Option 9 (claimants with liability over Band D):** An increase of 15% of those aged 45-64 which would be 64% of all claimants.
- **Option 10 (removal of second adult rebate):** An increase of 25% of those aged 45-54 which would be 50% of all claimants.
- **Option 11 (remove the award of a Work Related Activity Component):** There could be an increase of 30% of those aged 45-64 which would be a total of 72% of all claimants. However, the proposal applies to **new claims** only so the figure would remain at 42% at this stage.
- **Option 12 (limit the maximum number of dependents to two):** There could be an increase of those aged 25-44 which would affect a total of 86%. However the proposal would only apply to claimants who have a subsequent or third child **after 1 April 2017** so the figure would remain at 50% at this stage.

## Consultation findings

- **Option 2:** There was a 35% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (22%). The highest level of support was from 55-64 year olds (57%).
- **Option 3:** There was a 31% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (51%). The highest level of support from 45-54 year olds (82%).
- **Option 4:** There was a 20% difference in support across the age groups consulted. The group least in support of this option were 25-34 year olds (42%). The highest level of support was from 65-74 year olds (62%).
- **Option 6:** There was a 27% difference in support across the age groups consulted. The group least in support of this option were 75 years and over (44%). The highest level of support was from 18-24 year olds (71%).
- **Option 7:** There was a 23% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (59%). The highest level of support was from 65-74 year olds (82%).
- **Option 8:** There was an 18% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (42%). The highest level of support was from 45-54 and 55-64 year olds (60% respectively).
- **Option 9:** There was a 28% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (42%). The highest level of support was from 65-74 year olds (70%).
- **Option 10:** There was a 22% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (49%). The highest level of support was from 65-74 year olds (71%).
- **Option 11:** There was an 18% difference in support across the age groups consulted. The group least in support of this option were 75 years and over (46%). The highest level of support was from 65-74 year olds (67%).
- **Option 12:** There was a 38% difference in support across the age groups consulted. The group least in support of this option were 18-24 year olds (55%). The highest level of support was from 35-44 year olds (79%).

## Sex

There is a potential impact on working age males and females of the following consultation options. It should be noted that in terms of gender, females are more likely to be the primary applicant and/or have dependent children:

- **Option 2 (remove family premium):** There could be an increase of 24% for female claimants which would be a total of 93% of all claimants. However, the proposal would apply to **new claims only** so the figure would remain at 69% at this stage.
- **Option 7 (non-dependent deductions):** An increase of 11% of female claimants which would be a total of 80% of all claimants.
- **Option 8 (awards with child maintenance):** An increase of 30% of female claimants which would be a total of 99% of all claimants.

## Equality Impact Assessment Council Tax Reduction Scheme

- **Option 10 (removal of second adult rebate):** An increase of 24% of female claimants which would be a total of 93% of all claimants.

### Consultation findings

- **Option 2:** 58% of male respondents agreed with this option. There was a 15% difference in opinion between male (58%) and female respondents (43%).
- **Option 7:** There was no notable difference of opinion between male and female respondents.
- **Option 8:** 63% of male respondents agreed with this option. There was a 17% difference in opinion between male (63%) and female respondents (46%).
- **Option 10:** There was no notable difference of opinion between male and female respondents.

### Race

This information is not collected from claimants as it is not relevant to the calculation of council tax reduction. The Census (2011) shows no significant or notable difference that people from Minority Ethnic backgrounds are more likely to be economically active and less likely to be self-employed, than people from a white background. We have no evidence to indicate that working age people with different ethnic backgrounds would be affected differently. However, we will ask people to identify their ethnic group, when responding to the consultation.

### Consultation findings

- **Option 6:** There was an 11% difference of opinion between respondents from different ethnic backgrounds; 61% agreed from white groups and 50% agreed from BME backgrounds.
- **Option 8:** There was a 10% difference of opinion between respondents from different ethnic backgrounds; 53% agreed from white groups and 63% agreed from BME backgrounds.

There was no other notable difference of opinion across the other consultation options.

### Armed Forces Community

This is considered in this equality impact assessment as part of the commitments within the Community Covenant. Armed forces personnel deployed on operations overseas who normally pay council tax, benefit from a tax-free payment on the cost of council tax paid directly by the Ministry of Defence. Following the announcement by the Chancellor in his 2012 Budget statement, council tax relief will be worth just under £600 (based upon 2012/13 council tax) for an average six-month deployment based on the average council tax per dwelling in England. This will continue to be paid at a flat rate to all eligible personnel. More information is



## Equality Impact Assessment Council Tax Reduction Scheme

available at [www.mod.uk](http://www.mod.uk). We also disregard income from war disablement pensions, providing eligible claimants with a higher council tax reduction

### **Other protected characteristics**

We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:

- Religion of belief
- Sexual orientation
- Gender reassignment
- Marital or civil partnership status
- Pregnancy or maternity

**Option 12** to introduce a limit of two dependents; this would affect any claimants pregnant before 1 April 2017. There is no evidence to indicate that working age people with these protected characteristics would be affected differently to claimants overall.

### **Consultation summary**

The table below summarises the consultation responses by proposed option, highlighting notable differences of opinion that correlate with the initial findings, prior to consultation.

Equality Impact Assessment  
Council Tax Reduction Scheme

	Equalities Impact	Protected characteristic (Consultation response summary)			
Consultation option	Groups affected (increase in no. of claimants based on claimant data):	Disability	Age	Sex	Race
<b>1</b>	No impact identified from current claimant data	<b>22% difference</b> in opinion between respondents with a disability (42%) and those without (64%)	Lowest group in support – 75 years and over (47%), highest level of support from 65-74 year olds (73%) equating to a <b>26% difference</b>	<b>10% difference</b> in opinion between male (66%) and female respondents (56%)	No notable difference between respondents from different ethnic backgrounds
<b>2</b>	<ul style="list-style-type: none"> <li>Sex - female claimants</li> <li>Age – 25-44 year olds</li> </ul>	No notable difference in opinion between respondents with a disability and those without	Lowest group in support – 18-24 year olds (22%), highest level of support from 55-64 year olds (57%) equating to a <b>35% difference</b>	<b>15% difference</b> in opinion between male (58%) and female respondents (43%)	No notable difference between respondents from different ethnic backgrounds
<b>3</b>	<ul style="list-style-type: none"> <li>Age - 25-44 year olds</li> </ul>	<b>16% difference</b> in opinion between respondents with a disability (43%) and those without (51%)	Lowest group in support – 18-24 year olds (51%), highest level of support from 45-54 year olds (82%) equating to a <b>31% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from different ethnic backgrounds
<b>4</b>	<ul style="list-style-type: none"> <li>Age – 25-54 year olds</li> </ul>	<b>16% difference</b> in opinion between respondents with a disability (37%) and those without (53%)	Lowest group in support 25-34 year olds (42%), highest level of support from 65-74 year olds (62%) equating to a <b>20% difference</b>	<b>10% difference</b> in opinion between male (56%) and female respondents (46%)	No notable difference between respondents from different ethnic backgrounds
<b>5</b>	No impact identified from current claimant data	No notable difference in opinion between respondents with	Lowest group in support – 18-24 year olds (71%), highest level of support from 65-74 year olds (88%) equating to a <b>17% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from

Equality Impact Assessment  
Council Tax Reduction Scheme

		a disability and those without			different ethnic backgrounds
<b>6</b>	<ul style="list-style-type: none"> <li>Carers &amp; Disability claimants</li> <li>Age – 45-54 year olds</li> </ul>	No notable difference in opinion between respondents with a disability and those without	Lowest group in support – 75 years and over (44%), highest level of support from 18-24 year olds (71%) equating to a <b>27% difference</b>	<b>No notable difference</b> between male and female respondents	11% difference of opinion between respondents from different ethnic backgrounds. 61% in favour from white groups and 50% in favour from BME.
<b>7</b>	<ul style="list-style-type: none"> <li>Carers</li> <li>Age - 35-64 year olds</li> <li>Sex – female claimants</li> </ul>	<b>13% difference</b> in opinion between respondents with a disability (60%) and those without (73%)	Lowest group in support – 18-24 year olds (59%), highest level of support from 65-74 year olds (82%) equating to a <b>23% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from different ethnic backgrounds
<b>8</b>	<ul style="list-style-type: none"> <li>Age - 25-54 year olds</li> <li>Sex – female claimants</li> </ul>	<b>10% difference</b> in opinion between respondents with a disability (46%) and those without (56%)	Lowest group in support – 18-24 year olds (42%), highest level of support from 45-54 and 55-64 year olds (60% respectively) equating to a <b>18% difference</b>	<b>17% difference</b> in opinion between male (63%) and female respondents (46%)	<b>10% difference</b> of opinion between respondents from different ethnic backgrounds. 53% in favour from white groups and 63% in favour from BME.
<b>9</b>	<ul style="list-style-type: none"> <li>Carers</li> <li>Age – 45-64 year olds</li> </ul>	No notable difference between respondents with a disability and those without	Lowest group in support – 18-24 year olds (42%), highest level of support from 65-74 year olds (70%) equating to a <b>28% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from different ethnic backgrounds
<b>10</b>	<ul style="list-style-type: none"> <li>Age - 45-54 year olds</li> <li>Sex – female</li> </ul>	<b>14% difference</b> in opinion between respondents with a disability (49%)	Lowest group in support – 18-24 year olds (49%), highest level of support from 65-74 year olds (71%) equating to a <b>22% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from

Equality Impact Assessment  
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	claimants	and those without (63%)			different ethnic backgrounds
<b>11</b>	<ul style="list-style-type: none"> <li>Disability claimants</li> <li>Age - 45-64 year olds</li> </ul>	<b>18% difference</b> in opinion between respondents with a disability (43%) and those without (61%)	Lowest group in support – 75 years and over (46%), highest level of support from 65-74 year olds (67%) equating to a <b>21% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from different ethnic backgrounds
<b>12</b>	<ul style="list-style-type: none"> <li>Age - 25-54 year olds</li> </ul>	No notable difference between respondents with a disability and those without	Lowest group in support – 18-24 year olds (55%), highest level of support from 35-44 year olds (79%) equating to a <b>38% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from difference ethnic backgrounds
<b>13</b>	No impact identified from current claimant data	No notable difference between respondents with a disability and those without	Lowest group in support – 25-34 year olds (67%), highest level of support from 65-74 year olds (84%) equating to a <b>17% difference</b>	<b>No notable difference</b> between male and female respondents	No notable difference between respondents from different ethnic backgrounds

**Actions to mitigate any identified impacts**

The possible introduction of an exceptional hardship scheme was included as an option for consultation (option 13). It should be noted that there were no notable differences of opinion from respondents with protected characteristics and those without.

It is important that the Public Sector Equality Duty is considered as part of future decision making to ensure claimants with protected characteristics are treated fairly.

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Kent LA CTS schemes - Current and Proposed/ Recommended

Council	Current CTS scheme							
	Minimum payment	Band capping	Self-employed MIF	2AR removed	Non-dep deduction	Capital limit	Hardship fund	Child Benefit/ Maintenance
Ashford	10%	No	No	No	Income based	£16,000	No	No
Canterbury	5%	No	No	Yes	Income based	£16,000	No	No
Dover	6%	No	No	Yes	Income based	£16,000	No	No
Dartford	18.5%	No	No	No	Income based	£16,000	No	No
Gravesham	18.5%	No	No	No	Income based	£16,000	No	No
Maidstone	13%	No	No	No	Income based	£16,000	No	No
Medway	35%	No	No	Yes	Income based	£16,000	Yes	No
Sevenoaks	18.5%	No	No	No	Income based	£16,000	No	No
Shepway	18.5%	No	No	No	Income based	£16,000	No	No
Swale	15%	No	No	No	Income based	£16,000	Yes	No
Thanet	5.5%	No	No	Yes	Income based	£16,000	No	No
Tonbridge & Malling	18.5%	No	No	No	Income based	£16,000	No	No
Tunbridge Wells	18.5%	No	No	No	Income based	£16,000	No	No
Council	Proposed/ Recommended CTS scheme for 2017/18							
	Minimum payment	Band capping	Self-employed MIF	2AR removed	Non-dep deduction	Capital limit	Hardship fund	Child Benefit/ Maintenance
Ashford	17.5%	To band D	Yes (after 1 year)	Yes	£10 pw per n-d	£10,000	Yes	No
Canterbury	10%	To band D	Yes (after 1 year)	Already removed	£10 pw per n-d	£6,000	Yes	No
Dover	10%	To band D	Yes (after 1 year)	Already removed	£10 pw per n-d	£6,000	Yes	No
Dartford	20%	To band D	Yes (after 2 years)	Yes	£10 pw per n-d	£6,000	Yes	No
Gravesham	20%	No	No	Yes	£10 pw per n-d	No	Yes	No
Medway*	35%	No	No	Already removed	Income based	£16,000	Yes	No
Sevenoaks	20%	No	Yes (after 2 years)	No	Income based	£16,000	Yes	No
Shepway	25%	To band D	Yes (after 1 year)	Yes	£10 pw per n-d	£6,000	Yes	Yes
Swale	20%	No	Yes (after 1.5 years)	Yes	£15 pw per n-d	£16,000	Already introduced	Yes
Thanet	10%	To band D	Yes (after 1 year)	Already removed	£10 pw per n-d	£6,000	Yes	No
Tonbridge & Malling	20%	No	No	Yes	£10 pw per n-d (keeping nil rates)	£16,000	Yes	No
Maidstone	20%	To band D	Yes (after 1 year)	Yes	£10 pw per n-d	£6,000	Yes	Yes (maintenance only)
Tunbridge Wells	20%	To band D	Yes (after 1 year)	Yes	£10 pw per n-d	£6,000	Yes	Yes (maintenance only)

In addition to the proposed changes all councils with new schemes included the HB/UC alignment changes as part of their proposals.

- Removal of family premuim
- Reduce backdating to 1 month
- Reduce period of absence to 4 weeks
- Remove work related activity component
- Limit number of dependent children within calc to 2

\* - Medway are not changing their CTS scheme for 2017/18

## Policy & Resources Committee

**23<sup>rd</sup> November 2016**

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

**Yes**

## Review of the Maidstone Borough Council Commercialisation Strategy 2014/15-2018/19

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	N/A
<b>Lead Officer and Report Author</b>	William Cornall, Director of Regeneration & Place
<b>Classification</b>	Public
<b>Wards affected</b>	All

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

1. To note the progress made since MBC's first commercialisation initiatives were commenced in 2014, and the renaming of Commercial and Economic Development service area to Regeneration and Economic Development; and
2. That the strategy be refocused to the following areas;
  - Pursue a housing and regeneration agenda and receive a detailed strategy for this within 3 months.
  - Continue business improvement reviews for existing services.
  - Develop the shared services with partner local authorities.
  - Expand the grounds maintenance and commercial and garden waste services.
  - Utilise IT innovations to boost the cost effectiveness and user experience of the parking service.

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

- Keeping Maidstone Borough an attractive place for all – the proposal to focus further commercialisation and investment on regeneration type activities will help the physical renewal of the borough.
- Securing a successful economy for Maidstone Borough – the proposal to focus further commercialisation and investment on regeneration type activities will build confidence and appetite for private sector partners to continue to invest in the borough.

### Timetable

<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	23 <sup>rd</sup> November 2016

# Review of the Maidstone Borough Council Commercialisation Strategy

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The commercialisation strategy was adopted in August 2014, so it is important to review the success of the strategy to date, and recommend how it can be refined and improved for the future.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 Maidstone Borough Council (MBC) approved its current five-year commercialisation strategy on 13<sup>th</sup> August 2014. This was a broad strategy covering a number of areas to include organisational culture, roles and responsibilities and a list of possible project categories that the council could subsequently take forward under the “commercialisation” agenda.
- 2.2 The production of the strategy was at the time led by the Head of Commercial & Economic Development, and it was insightful in terms of the likely withdrawal by government of Revenue Support Grant, as well the opportunities that were afforded within the Localism Act. In essence, the strategy was to be embedded within MBC’s financial framework, with a view to bridging the emerging funding gap in the Medium Term Financial Strategy (MTFS) through the following means;
- Review of services offered, and the standard at which they are offered.
  - Improved and more cost effective ways of doing business.
  - Fairer and more effective charging.
  - The introduction of trading.
- 2.3 The strategy proposed a two tier approach;
- Service & Unit Commercialisation, with a focus upon;
    - Commissioning.
    - Business improvement
    - Charging.
  - Corporate Investment & Trading, with a focus upon;
    - Property investment.
    - Corporate trading (of existing or new services).
- 2.4 Although the overall aspiration was that the profits from new business streams would contribute to the MTFS, an undefined percentage of the profit would also be made available for reinvestment back into the service that actually generated it.



- 2.5 The strategy also proposed some organisational changes whereby the Corporate Leadership team would assume responsibilities for considering new ventures prior to them going forward to Committee, and to resolve any conflicts that might arise as a result of pursuing new business streams versus delivering traditionally accepted priority services.
- 2.6 Furthermore, a Commercial Projects Development Service, led by the Head of Commercial & Economic Development, was created to offer support to other managers to enable them to identify and evaluate commercialisation opportunities within their service areas. To this end, workshops were held that generated a large number of opportunities and these were distilled and prioritised to several initiatives that were subsequently approved for implementation by the respective committees.
- 2.7 The business streams that are considered to fall within the scope of the Commercialisation Strategy are a combination of “Service & Unit Commercialisation” and “Corporate Investment & Trading”, and are as follows;

Mote Park Café	The café businesses are only going to be very low margin at best, but these should be maintained as part of our overall “offer” at Cobtree, Mote Park and the Museum. Since the Mote Park café was brought in house, and a £80k investment made in the premises, it has incurred losses of £23,274 at the mid-year point, but an improvement plan is now in place. Incidentally, the Café at Cobtree Manor was initially unprofitable but following management action it now is.
Mote Park Adventure Zone	<p>The Adventure Zone project in Mote Park was approved in Feb 2015, with capital expenditure of £790,000. It certainly has potential, but delivery has been slow, with the planning application not being submitted until Sep 2016.</p> <p>It is envisaged that the planning application will be determined early in the new year and following a value engineering exercise with our proposed contractor, the facility should be open for business by November 2017.</p> <p>A business case was also presented to the Heritage Culture and Leisure Committee to introduce a parking charge at Mote Park. This is the first full year of charging, and whilst income is forecast to be behind target at the end of the financial year (£130k v £205k), the opportunity remains to grow income further. Even now the introduction of parking charges has produced an attractive positive cash flow.</p>
Pet Crematorium	The Pet Crematorium has been slow to move forward, with planning issues being difficult to resolve. In terms

	of council priorities, a proposed capital investment of £645,000 is significant. The final costs and updated business plan are currently being considered by Officers and a final recommendation will be made to Committee early in the new year.
Debt Recovery Service	Mid Kent Services launched an “in house” debt collection / bailiff service in June 2016. At this stage it is too early to evaluate its success and scope for expansion.
Solar Photo Voltaic (PV)	The solar voltaic (PV) installation project was delivered. Due to the ever decreasing “feed-in” tariffs available from government, this is presently not an area for expansion.
Business Terrace	The Business Terrace is performing well and is certainly delivering upon its broader economic development objectives. An initial capital investment of £250k was made to fit out the space on the first floor of Maidstone House. The rental income is covering all staffing and running costs with the exception of its share of the councils’ own business space rent payable to Capital & Regional. Realistically, given the modest scale of the operation this is to be expected due to the staffing overhead required. A detailed review of the project to date, exploring potential for growth will be brought to the December meeting of this committee. However, initial evidence indicates that there is no case to expand the operation other than potentially to underutilised space at Maidstone House to which MBC has already committed.
Parking Innovation	The team are now being encouraged to pursue cashless payment at our car parks through a more mainstream App provider. This will ultimately reduce revenue running costs as well as the need for so much capital expenditure, as well as provide a much improved customer experience. Commercial enhancements to this service area are already detailed within the Integrated Transport Strategy.
Commercial Waste Collection	This service has been running for four years, and so predates the commercial strategy as it was used as a proof of concept. It is proving successful, operating with just one vehicle; during 15/16 it generated revenue of £176,693 and a surplus of £69,723 after direct costs, with 348 customers. The vehicle is now at capacity and so given the scope for further growth, a business case for a second vehicle will be brought to the Corporate Leadership Team in January 2017 and,

	subject to the strength of the business case will be presented to the committees Housing and Environment Committee in March 2017.
Garden Waste Collection and Grounds Maintenance	<p>This service has been a success, generating revenue of £753,321 and a surplus of £523,431 after direct costs for the financial year ending 31st March 2016. At the year-end there were 22,691 customers. The delivery of the service is outsourced to Biffa, who undertake it on favourable terms, as part of their over-arching refuse service. Given that there are circa 67,000 homes in Maidstone (albeit including flats); there is still considerable scope for growing the service further.</p> <p>MBC has also won a number of small commercial grounds maintenance assignments. At this stage the total revenues are not significant but our market intelligence suggests there are plentiful opportunities but we need to further develop our 'offer' to ensure such opportunities are cost effective.</p>
Business Improvement & Commissioning	<p>In 2013, MBC adopted the Customer Service Improvement Strategy. This included plans to review services to make them more customer-focussed and more efficient and shift transactions to cheaper channels: digital wherever possible or telephone where this was not possible. By 2016, the majority of the major customer-facing services had been reviewed, including Housing, Waste and Recycling, Revenues and Benefits, and the Customer Services team had been restructured to promote and deliver digital first services. Over £190K has been saved and staff time efficiencies of 14 FTE (or 18,200 hours per year) have been delivered.</p> <p>There is still more work over the next few years to do to improve the value for money of services and deliver a better digital experience for customers. This will be done through transformation, continuous improvement and reviewing services using commissioning principles, to include the digital work evolving with Swale and Tunbridge Wells through the Town Centre Advisory project.</p> <p>A commissioning project nearing fruition is that of CCTV, which could lead to overall VFM improvements of the service.</p>
Shared Services	Mid Kent Services (MKS) is firmly established, with shared services in place with Swale and Tunbridge

	<p>Wells for IT, HR, Legal, Internal Audit and Planning Support. These services have a Shared Service Board where their respective financial and operational performances are monitored.</p> <p>MKS has also launched an “in house” counter fraud team in April 2016. The project was possible following a joint bid to KCC, Kent Police and Kent Fire and Rescue who fund the service to the value of £155,000pa.</p> <p>Furthermore, MKS have entered into arrangements with Medway council and Tower Hamlets council to provide interim management support in relation to IT and HR services.</p> <p>There are also other shared services for Licencing and Environmental Health too, although these do not fall under the MKS banner.</p>
Property Investment and Development	<p>This area has been very successful in generating new income, especially when buying existing properties, requiring little or no investment. Where the council has aspired to take on the property development role to realise the investment, progress has been slow in terms of acquisition and the appointment of professional teams.</p>

2.8 Therefore, two years on, the following observations can be made;

- Shared Services with MBC’s partner local authorities are truly embedded as a means of driving down costs, building resilience, quality and sharing expertise.
- Business Improvement and Commissioning is now very much business as usual for MBC. The notion of reviewing how services are delivered is seen by all staff as an integral tool to achieve and demonstrate Value for Money (VFM). Various service reviews and commissioning exercises are programmed for the coming years, to include the commissioning exercises for the CCTV and Park and Ride services, all of which is underpinned by the training that the teams have received through the Commissioning Academy.
- Smaller low margin business areas such as cafés have proven time consuming and not profitable (to date). Realistically, they will not make a material positive contribution to the MTFS, so this is not an area for expansion. Efforts will be made to make the Mote Park café profitable, but if this cannot be done, MBC will instead revert to a private sector operator.

- The expansion of environmental services into garden and commercial waste has been very successful. This is because it taps into an existing expertise and infrastructure, in an area where there is already an existing business relationship with the customers that have been brought on board. These two areas will be a definite focus for immediate business development activities to grow the revenue streams.
- In terms of property development and other capital investment type projects, to include the Adventure Zone, the Pet Crematorium and the new housing projects, progress has been slow at times, when appointing the most appropriate professional teams, finalising business plans and effectively commissioning and procuring the new buildings. Most likely this has been because of a lack of staffing skills and experience in delivering such capital expenditure projects, and the fact that the delivery of these projects has been dispersed amongst different teams. Such projects need to remain a focus, but will now be delivered from within a single team, so that skills and consistent working practices can be cultivated. This direction of travel was signalled by a Policy and Resources Committee decision in July 2015 to change the skill set within the Corporate Leadership Team.
- Property investment and development (Aylesbury House, Magnolia House, Square Hill and Queen Anne Road) has dovetailed with our approach to driving down temporary accommodation costs for MBC's homeless households, so has served a twofold purpose. Avoided temporary accommodation costs in the last financial year for Aylesbury House and Magnolia House totalled £281,528.

2.9 Looking to the future, it is proposed that housing development and regeneration is the mainstay of our commercialisation strategy. The reasons for this are as follows:

- When borrowing to invest, MBC has a competitive advantage as it can borrow more cheaply than market competitors, often over longer periods. Also, MBC would be starting this approach from a zero debt position.
- By building up our existing asset base, MBC would secure a long term, stable revenue stream that could be used to support core services in the medium to long term. Also, the asset base would be tradeable presenting an opportunity for capturing market growth upon disposal.
- As a local authority, MBC has very long term planning horizon, and so investing in property for the long term is a good strategic fit.
- There is a shortage of good quality homes for market rent in Maidstone, and so MBC could contribute to meeting this need, whilst generating an attractive yield from investing in this sector.
- By focussing upon building new homes (rather than acquiring second hand stock) MBC would be helping to regenerate the borough through these new buildings. Furthermore, MBC would also be able to capture the

developers' profit. This would generally be retained as equity by MBC, but from time to time, when the market conditions are right, some new homes could be sold for private sale, recycling the cash invested plus crystallising the profit.

- MBC, by developing some new homes of its own, would be making an active contribution to the delivery of the emerging Local Plan and it would also accelerate the yield of New Homes Bonus (NHB) (over the last six years MBC has received £18.6m of NHB).
- Given MBCs' desire to have a greater focus upon regeneration and place making, as per the role of the report author, it would be appropriate to align the commercialisation strategy to support this agenda, whereby funds available for capital investment are allocated largely to housing and regeneration projects.
- The track record of commercialisation projects to date indicates that property based projects have been the most reliable source of returns and provide the best fit with our skills and experience as a local authority.

2.10 While the focus of property development will be on housing, investment in other property categories is not ruled out where this meets our investment criteria and provides a good strategic fit.

2.11 Funding investment in property will remain within the constraints of the Prudential Code for Local Authorities. In other words, it must be affordable, prudent and sustainable, and the Council must be able to service and repay any borrowing undertaken.

2.12 In terms of MBC's property development activities to date, the shortfalls in delivery are being addressed by the creation of a specialist team within a re-bannered **Regeneration & Economic Development** service area (formerly Commercial and Economic Development). This now contains a specialist team, created out of existing staffing resources, that has a remit for MBC's sizeable (£1m+) housing and regeneration projects, so that there can be a focus upon delivery, working to standardised project protocols, with an emphasis upon being an "effective client", utilising the services of specialist consultants to oversee the quantity surveying, project management and contract administration tasks.

2.13 This regeneration agenda will have an emphasis upon housing led development projects. Typically, the schemes developed could have the following tenure mix;

Market Rent Housing	35%	These homes would be pre purchased by Maidstone Property Holdings (MPH), MBC's market rent vehicle that will be funded by long term prudential borrowing, New Homes Bonus and any surpluses that MBC wishes to deploy. These homes would be mid-market, perhaps aimed at young professionals.
Market Sale Housing	30%	Dependent upon MBC's risk appetite, this could be passed to the appointed contractor to deliver, or MBC

		could enter into a joint venture with the contractor on this element or MBC could choose to take the entire commercial risk itself.
Affordable Housing	35%	These homes would be pre purchased by a partner housing association to own and manage. They would also make interim payments to fund the construction of these affordable homes.
	100%	<p>NB. The first two projects that MPH will develop under this framework will be Union Street and Brunswick Street.</p> <p>While these are being worked up (they will not complete until Sep 19), MBC will invest up to £4.5m to acquire 15 further homes for use as temporary accommodation, which will bring the portfolio to around 50 units, which will fully meet the foreseeable need. This investment will be set out in a new Temporary Accommodation strategy to be considered by the Communities Housing &amp; Environment Committee in December 16.</p>

2.14 Assuming that MPH chose not to participate in any market sale housing, and so invest only in market rented housing, at a typical cost of £200k per unit, **for purely illustrative purposes**, the table below demonstrates the possible costs and returns from varying sizes of investment packages over a 5-year period; The table set out below is reproduced in larger scale at Appendix C.

	5 Year Investment Package				
Number of market rented homes built per annum	30	40	50	60	70
Number of market rented homes built over 5 years	150	200	250	300	350
Total cost of market rented home (£200k per unit land, works & on costs)	£ 30,000,000	£ 40,000,000	£ 50,000,000	£ 60,000,000	£ 70,000,000
Gross rental yield	6%	6%	6%	6%	6%
Net yield (after management, maintenance, voids & bad debt)	4.5%	4.5%	4.5%	4.5%	4.5%
Long term cost of funds / debt (Interest)	3%	3%	3%	3%	3%
Net rental income per annum	£ 1,350,000	£ 1,800,000	£ 2,250,000	£ 2,700,000	£ 3,150,000
Interest costs per annum	£ 900,000	£ 1,200,000	£ 1,500,000	£ 1,800,000	£ 2,100,000
Net cash flow per annum	£ 450,000	£ 600,000	£ 750,000	£ 900,000	£ 1,050,000

NB1. Once modelled within a discounted cash flow, rental income would rise annually versus static interest costs, so as to enable repayment of the capital invested.

NB2. Capital growth occur over the medium to long term, and so this could be realised through sale of the assets in the long term, to boost returns further.

NB3. Borrowing could be reduced by utilising New Homes Bonus, so net cash flows per annum could increase.

2.15 Given the Council's strategic and enabling role, there will also be other regeneration projects where the council can take a shorter term enabling role, as per Maidstone East, whereby funds are invested for land assembly and / or master-planning purposes, readying a site for onward sale to a private sector developer, so that MBC's initial investment (and profit) can be recycled into the next project. Similarly, given the rural nature of the borough, there will also be opportunities to facilitate the delivery of "rural exception sites" for much needed affordable housing, leading on land identification, assembly and Planning, but bringing in partner housing associations to develop out the projects.

2.16 In terms of completing the review, returning to the two-tier approach referred to in the commercialisation strategy, it is apparent that the senior staffing structure has evolved to meet these changing needs, as the two new director posts have a shared responsibility to deliver the refocussed strategy. The Director of

Finance & Business Improvement has within his remit the areas of commissioning, business improvement and charging (maximisation of), as well as implementing an appropriate treasury strategy to fund the capital investments. For the Director of Regeneration and Place, the focus will be identifying and delivering the housing and regeneration projects.

- 2.17 Assuming MBC is minded to support this shift in emphasis, the next step would be to invite from officers a detailed Regeneration Strategy, setting out priorities, delivery mechanisms, desired returns, quantum of investment and time-frames. Furthermore, by the end of the strategy period, it is envisaged that commercialisation will be fully embedded, so that there will not be a need for a follow on strategy.

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### **3. AVAILABLE OPTIONS**

- 3.1 To continue with the current commercialisation strategy through to 2018/19.
- 3.2 To note the progress made since MBC's first commercialisation initiatives were commenced in 2014, and the renaming of the Commercial and Economic Development service area as Regeneration and Economic Development.
- 3.3 That the strategy be refocused to the following areas;
- Pursue a housing and regeneration agenda and receive a detailed strategy for this within 3 months.
  - Continue business improvement reviews for existing services.
  - Develop the shared services with partner local authorities.
  - Expand the grounds maintenance and commercial and garden waste services.
  - Utilise IT innovations to boost the cost effectiveness and user experience of the parking service.
- 3.4 To cease all commercial activities.

---

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

- 4.1 The preferred options would be 3.2 and 3.3 as they are the only means by which MBC will generate sufficient returns to support its MTFS. They are also the only options by which it can achieve its aspirations for regeneration and place-making.

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

- 5.1 This course of action has been discussed informally with the two other CLT members, and at the Leaders meeting.
-



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

- 6.1 To notes the contents of the report, debate the merits of the proposals, and if in agreement, receive a new regeneration strategy to be received within three months.

## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<i>As detailed on page 1.</i>	William Cornall
<b>Risk Management</b>	A move towards a greater focus upon regeneration through capital investment will create risks around treasury management, market risk and project delivery controls.	Richard Clarke.
<b>Financial</b>	The commercialisation strategy and its refocusing towards housing and regeneration is an essential part of our Medium Term Financial Strategy and hence to our approach to balancing income and expenditure over the medium term. Any new strategy for regeneration will dovetail with a refreshed treasury management strategy.	Mark Green, S 151 Officer
<b>Staffing</b>	The creation of the Economic and Regeneration team will mean that some (one or two) lower level staff maybe switched across into this team from elsewhere, if they are currently involved in regeneration projects.	William Cornall
<b>Legal</b>	Not at this stage.	[Legal Team]
<b>Equality Impact Needs Assessment</b>	Not at this stage.	[Policy & Information Manager]
<b>Environmental/Sustainable Development</b>	By the council investing in regeneration and housing type projects, there is the possibility of the council pursuing a more progressive environmental agenda through its new buildings.	Rob Jarman
<b>Community Safety</b>	No issues to consider.	John Littlemore
<b>Human Rights Act</b>	No issues to consider.	Alison Broom
<b>Procurement</b>	No further procurement issues to consider.	Mark Green
<b>Asset Management</b>	As the residential property portfolio grows, suitable management arrangements will need to be put in place.	John Littlemore

## **8. REPORT APPENDICES**

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

- Appendix A: Commercialisation Strategy 2014/15-2018/19.
  - Appendix B: Financial analysis of current and previous commercial projects.
  - Appendix C: Possible costs and returns from varying sizes of investment packages over a 5 year period.
- 

## **9. BACKGROUND PAPERS**

**None.**

Appendix A

# COMMERCIALISATION STRATEGY 2014/15 – 2018/19

Maidstone Borough Council

Adopted by Council 13<sup>th</sup> August 2014.

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16<sup>th</sup> July 2014**TABLE OF CONTENTS.**

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## 1. EXECUTIVE SUMMARY.

The purpose of this strategy is to enable Maidstone Borough Council (MBC) to respond to public aspirations for Maidstone – starting with our vision, “We want Maidstone to be a vibrant, prosperous 21<sup>st</sup> century urban and rural community at the heart of Kent, where its distinctive character is enhanced to create a safe, healthy, excellent environment with high quality education and employment where all people can realise their aspirations”.

The impact of changes in funding arrangements, including the assumed complete withdrawal of Revenue Support Grant (RSG), offers increased risks and potential opportunities arising from the localisation of business rates and an expectation that Council Tax will not significantly change. The challenges of the reduction in RSG income to Maidstone Borough Council are those faced by local government across England. What is less widely understood are the implications of failing to effectively deal with this deep cut to funding (in Maidstone Borough council’s case the reduction in Revenue Support Grant by financial year 2018/19 represents 18% of the actual operational budget of financial year 2013/14). Failure to balance the books could easily result in remedial measures being imposed by The Secretary of State; resulting in:

- Deep cuts to all types of resource within MBC, resulting in a reduction of standards of services provided to customers.
- Enforced sale of MBC assets resulting in a reduction of facilities for the people of Maidstone.
- Imposition of special measures.

Maidstone Borough Council acknowledges the challenges that it faces, but also views the current funding picture as an opportunity to affect fundamental changes to how it does business; with dramatic improvements delivered for the people it represents, as a result.

The assumed abolition of the Revenue Support Grant is counter balanced with the adoption of the Localism Act 2011, Section 1. The Power of General Competence contained within the Act gives councils a freedom to operate in ways which were denied them previously. It is worth noting section 4 of the same Act when trading is discussed in the strategy.

Maidstone Borough Council has launched a Strategy of Commercialisation, which will sit within the Council’s Financial Framework; using these new and existing powers, in order to meet some of the funding gap through:

- Review of services offered, and the standard at which they are offered.
- Improved and more cost effective ways of doing business.
- Fairer and more effective charging.
- The introduction of trading.

Commercial activity is nothing new for MBC but the strategy will consolidate the council’s existing commercial activity (such as the commercial waste collection service; shared services; car park

charging; events; etc.) and provide a framework and strategy, with defined objectives, for these commercial projects and for the delivery of future commercial activity.

## 2. INTRODUCTION.

In common with all Local Authorities in England, Maidstone Borough Council (MBC) is faced with a reduction in funding brought about by the reduction of the RSG. The grant is being reduced, in annual stages until financial year 2019/20. For prudent planning purposes, MBC is assuming that it will stop at this point. Details of the reduction can be seen at para. 2.1.

Traditionally, when faced with a reduction in revenue, Public Sector organisations will simply cut spending; which in reality means cutting services received by customers, unless coupled with improved delivery. MBC has taken a different approach to the current situation and has adopted a policy of finding efficiencies through transforming service delivery, for example partnership working and creating income through the introduction of a more commercial approach, in order to replace some of the lost grant. This revenue will then be re-invested in the delivery of services, there-by protecting our customers' interests.

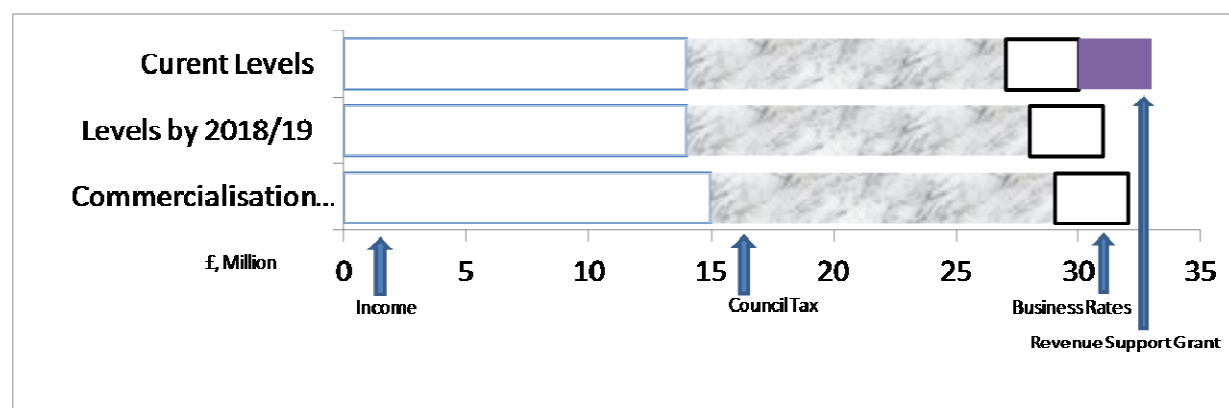
This is a fundamental shift in approach and consequently a simple, easily understood Commercialisation Strategy is required to give direction; and which links into the Medium Term Financial Strategy. All projects and activities undertaken under the Commercialisation Strategy will therefore be evaluated against the priorities of the Medium Term Financial Strategy at paragraph 2.5 of that Strategy.

### 2.1 Revenue Support Grant and Annual Savings Targets.

The Revenue Support Grant (RSG) for the year 2013/14 was £4,171,000; and will be reduced between financial years 2013/14 and 2019/20.

Some of this loss of income has been offset by a forecasted increase in Council Tax and some of the loss offset by reductions in spending, but there is still an overall funding gap; expressed as Annual Savings Targets (AST) in the Budget Strategy 2014/15 Onwards. The ASTs are the target against which the Outcomes for this strategy will be measured.

The Strategic Budget and Revenue Projections are 'living' documents, but at the published date of this strategy the AST varied between £796,000 and £1,446,000 per year, over the next 5 years.



This diagram demonstrates the predicted benefits of commercial activity to MBC funding levels. Increasing income received from other sources (clear bar) through commercial projects, combined with the projected rise in Council Tax (grey bar) will off-set much if the reduction of income in RSG (solid bar).

Although a reduction in Operational Spend has been budgeted for (see Service Spend in Budget Strategy/Strategic Revenue Projection 2014/15 onwards) it does underline that doing nothing will have a severe impact on MBC's ability to deliver effective services in the medium and long term, unless further reductions in operational spend are made.

## **2.2 Localism Act.**

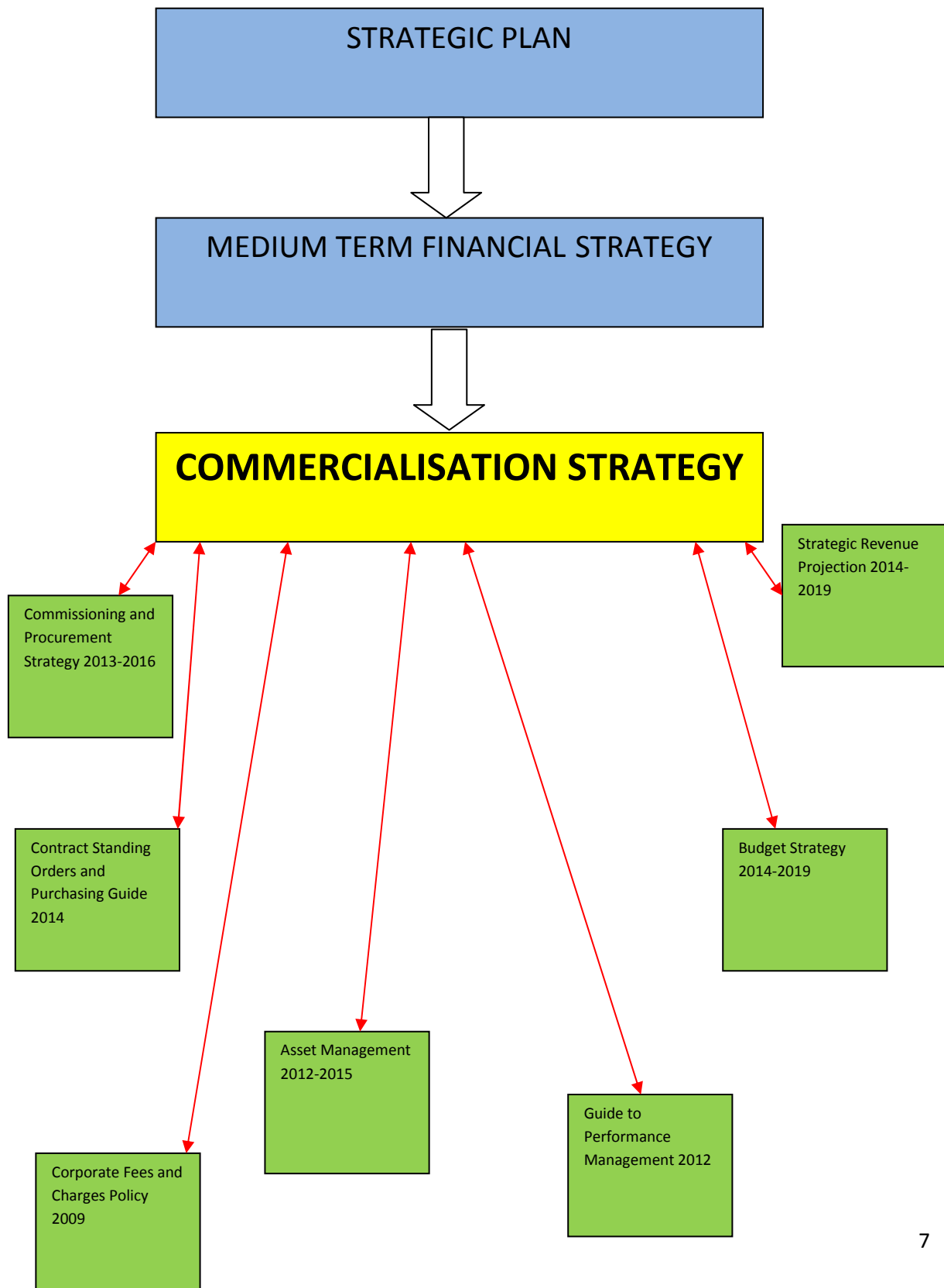
The Localism Act 2011 gives Councils a General Power of Competence. In essence this means that Authorities may now act as they wish, provided that they do not break any other law. It is this Power of Competence which allows MBC to undertake further trading, and some commercial charging in a way which they were unable to in the past; but limits of the General Power at sections 3 and 4 of the Act do apply.

MBC's commercial activities will be supported by other specific legislation (for example Road Traffic Regulations Act 1984 to allow us MBC to provide and charge for parking), where possible. The Localism Act forms the legal basis to undertake the measures and types of activity outlined in this strategy, where they are not covered by other Acts.



### 2.3 Strategic Links.

The hierarchy and interdependence of The Commercialisation Strategy within and to other MBC strategies and policies is shown below:



### **3. PRIORITIES, OUTPUTS AND OUTCOMES.**

#### **3.1 Corporate Priorities and Values.**

This Commercialisation Strategy clearly sits in support of MBC's Corporate Priority:

##### ***Corporate and Customer Excellence.***

*The Council will have a productive workforce with people in the right place at the right time, delivering cost effective services. Services will be affordable, delivered on time and to agreed standards in an accessible way.*

##### ***Outcomes by 2015***

- *Customer focused services that residents are satisfied with*
- *Effective, cost efficient services are delivered across the borough"*

Driving the measures to bridge the ASTs will be critical in ensuring that funding exists so that: 'Effective, cost efficient services are delivered across the Borough.'

Within MBC's core values, STRIVE, is Value, defined as:

##### **VALUE**

##### ***What this means***

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

##### ***How we need to behave***

- *Deliver cost effectiveness*
- *Make suggestions for improvement*
- *Monitor contracts for service are delivering value.*

The commercialisation Strategy clearly sits in support of this value.

### 3.2 The Commercialisation Strategy's Outcome will be to:

- Make positive annual contributions to meeting the AST (as defined at Para.2.1) by delivering cost reductions or generating extra revenue through the utilisation of: charging; trading; and business improvement.

Priorities and outputs are broken down as follows:

Short Term (2014) Priority – Lay the Foundations for Commercialisation.	Medium Term (2015 – 2018/19) Priority – Complete the Roll-Out of Commercialisation.	Long Term (2020 onward) Priority.
To have the Commercialisation Strategy adopted by MBC by August 2014.	To continue to develop Service and Corporate commercial and investment opportunities as they present themselves.	To contribute £1,000,000 annually towards the AST through charging review; commissioning and business improvement; establishment of trading and property investment.
To have completed the organisational changes specified in this Strategy, by August 2014.	To complete the roll out of the Strategy across all MBC Services by 2018/19.	To have identified an opportunity for an external trading company (see para. 4) and created it, if it is considered advantageous to do so.
To have completed review of strategically linked documents by December 2014.	To contribute £1,000,000 annually towards the AST through charging review; commissioning and business improvement; establishment of trading and property investment.by financial year 2018/19.	
To have completed training in Commercialisation Awareness and Commercial Business Planning by December 2014.	Establish a company to hold a property portfolio.	
To have the Strategy applied to the first service; Commercial and Economic Development Service (Maidstone Culture and Leisure) prior to 2015/16		
Develop commercial, or investment opportunities within other Services or corporately.		
Contribute £100,000 AST.		
Amend decisions on borrowing for commercial purposes.		

#### 4. HOW WE WILL DELIVER THE COMMERCIALISATION STRATEGY.

MBC will follow a two tier strategy. Tier 1: Service and Unit Commercialisation; Tier 2: Corporate Investment and Trading. This strategy will be supported by a communications (internal and external) and training programme delivered as part of the roll-out project.

The development and roll out of both tiers of Commercialisation will be conducted as a formal project.

In support of the development of the commercial business plan framework and subsequent implementation and delivery, a new internal team will be formed: the Commercial Projects Development Team (para.4.1) and CLT will assume some new, specific responsibilities.

##### 4.1 Service and Unit Commercialisation.

MBC, directly or through its appointed representative, is restricted by statute in that there are some services it must provide. It cannot choose to enter or exit certain markets (and the levels of fees it may charge are restricted, in some cases); but within the confines of statute, this means running MBC's units like businesses with commercial business plans, and these will include the introduction of:

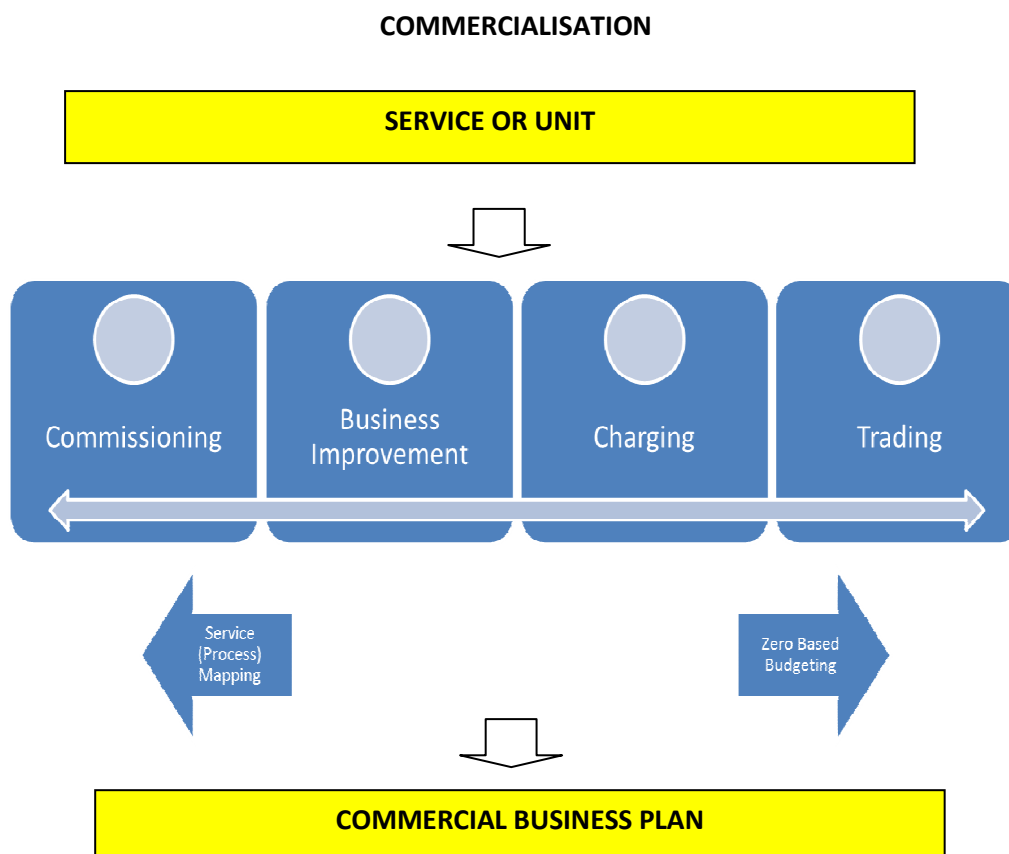
- **Commissioning.** – Services will conduct a commissioning exercise to confirm exactly what outcomes are required for each Service; and those outcomes which are currently being offered that it would be preferable to STOP. It will then assess whether it is more cost effective to MAKE; to MAKE AND SELL; to BUY; or to DIVEST the process of producing the outputs required to deliver the outcomes. **The objective of commissioning is to ensure that MBC is allocating resources to outcomes that support its Strategic Plan, and not wasting resources delivering unnecessary or unwanted outcomes.**
- **Business Improvement.** - This will be followed up by process mapping and action costing (and a review of whether services are being delivered in a cost effective manner); allowing the creation of accurate baseline business plans, from which it will be possible to measure the impacts of Commercialisation and also to challenge for value services that are being bought internally. This BI is already partially underway as part of the Customer Improvement Strategy and the scope of that strategy will be extended deeper into Service operations. Corporate BI methodologies will be applied in collaboration with the Service in order to achieve the desired level of service at the best price. This will also allow zero based budgeting to be carried out. The definition of Zero based budgeting for the purposes of the Strategy is: *“Zero based budgeting also refers to the identification of a task or tasks and then funding resources to complete the task independent of current resourcing”*. **The objective of BI is to reduce the overall cost of MBC's service delivery.**
- **Charging** – MBC already undertakes charging, and the revenue received represents a substantial level of income. Finance already factors charging revenue into net service costs to give a net service spend (as described in the Budget Strategy). The revenue received

through charging will be shown in Unit commercial business plans, in detail. When measured against the costs identified from BI it will be possible to more accurately show profitability (or otherwise); work out the true costs of delivery (including accurate overheads and required reinvestment as allowed by the Local Government Act 2003), and ensuring fees reflect this (within the constraints made by the Corporate Fee and Charging Policy); to analyse the impact of fee variations to the AST target; to ensure fees are set at the maximum possible level. As the 'profit' rules under the Act allow MBC to take one financial year with another, Charging also represents opportunities to test ideas identified under 'Trading' of this paragraph before they move to trading proper; and then eventually to an external trading company as discussed at para. 4.7. **The objective is to ensure that the maximum revenues possible; allowed by the Corporate Fees and Charges Policy, and at levels that reflect political appetite, are actually being received.**

- **Trading** – Not every Unit or Service will have the opportunity to trade, but a review will be conducted by the Service, with assistance of the CPDT (see para. 4.1) in order to identify, and develop those opportunities which might exist. The CPDT will then assist with modelling these opportunities for inclusion in the commercial business plan; and bidding for resources, if required, to implement the trading activity. **The objective of trading will be to introduce the net profit into the Service revenues, and to adjust Service net affect to AST, and their target.**

The framework of commercial business plans will be developed and rolled out across units and services within MBC by means of a formal project. The commercial business plans will show how a Unit or Service intends to achieve their targets' to impact the AST.

**A percentage (to be set by Head of Resources and Finances) of positive contribution to the AST will be available for reinvestment back into the Service which generated it; it effectively becoming a part of the Commercial Investment Fund at para. 4.4.2. Services will bid for this reinvestment via the CDT, who will model and then make recommendations to CLT for final consideration as per para. 4.1.**



#### 4.2 Corporate Investment and Trading.

- **Corporate Property Investment** – MBC will start to develop a property portfolio, from which three main benefits will be derived:
  - Net revenue.
  - Appreciating assets through market movement or development.
  - A positive impact to social housing within the Borough.

The rules about borrowing against MBC owned assets make developing a portfolio of investment property extremely difficult to do 'in-house'. There is also a risk to MBC's property investments presented by Right to Buy. MBC will, therefore create a company Ltd. by share to develop its portfolio. This is an increasingly common vehicle local authorities are using to hold property. The model used will be based on ABC Holdings Ltd. the property company owned by Ashford Borough Council for this purpose.

- **Corporate Trading** – Where Service trading (para.4.1) has reached a level where it is profitable and where it would be possible to bid for clients other than MBC, consideration will be given to the formation of an external trading company. The Teckal rules allow MBC to award a company which it owns contracts without recourse to tender, under certain

conditions, and this will put any new company on a sound footing to bid for further work. Although if it is successful bidding for external work it may have to re-bid for the MBC contracts as Teckal may no longer apply.

MBC, in the course of its core activities facilitates the flow of lot of public money to the private sector, or creates commercial opportunity. Examples might include the funding of emergency housing; or the awarding of enforcement to third parties. These are situations where corporate trading can flourish and bring this money back to the public purse.

At all times s.4 of the Localism Act 2011 will be considered, if it is the Act which is providing the legal basis to trade.

MBC must always be look to reinforce commercial success, when it is achieved, and within the constraints specified in this section.

Examples of successful, Public Sector owned companies:

[www.westcotrading.com](http://www.westcotrading.com) City of Westminster Council

[www.norsegroup.co.uk](http://www.norsegroup.co.uk) Norfolk County Council

MBC will identify where it can trade successfully and emulate this sort of success.

#### **4.3 Organisational Changes.**

In support of the development of the commercial business plan framework a new internal team will be formed: the Commercial Projects Development Team. The team will be supported by new specific responsibilities assumed by CLT.

##### **Corporate Leadership Team (CLT)**

Although the CLT is clearly not a new group, it will have new special responsibilities to execute as part of this strategy, as follows:

- To receive recommendations for projects and proposed Service commercial business plans for final review before submission to cabinet, or council.
- To 'hold' the Commercial Investment Fund outlined at para.4.4.2 and weigh the cost/benefit (opportunity cost) of a proposal and make recommendations to cabinet/council accordingly.
- To act as the final arbiter where potential internal conflicts of commercial interest are raised by the CDT.

##### **Commercial Projects Development Team (CDT).**

The CPDT will be a permanent but ad-hoc group providing support to Service and Unit Managers, where required. It will be chaired by the Head of Commercial and Economic Development. Other members of the unit will be called in depending upon the project, and will be drawn from the following departments: Legal; Finance; Procurement; Property; ICT; Communications; Policy and

Customer Services. It will also be able to retain external expertise in support of its functions where skills or knowledge gaps are identified, or where there may be a conflict of interest.

Functions of the CDT will be as follows:

- To provide advice to Service and Unit Managers on the development of commercial opportunities.
- To assist with Commercial Business Plan writing, and financial modelling.
- To provide analysis of the impact of projects or plans to the AST.
- To provide recommendations and advice to Cabinet and CLT on the approval of commercial business plans.
- To hold the corporate commercial projects register.
- To deconflict commercial conflicts of interest, or to highlight them to CLT for direction.
- To hold the approved framework of approved Commercial Business Plans across MBC.
- To allocate, under the direction of Head of Finance and Resources Service and Unit AST and ensure these are considered in Commercial Business Plans.
- To measure, with Finance and Resources annual performance against AST and Commercial Business Plans.
- To look for trading projects that prioritise capture of commercial opportunities afforded by our existing statutory and non-statutory services, so that synergy exists between our commercial and other desired outcomes.

#### **4.4 Measuring Success.**

The only proper measure of success is the net effect of commercialisation to the AST, expressed in monetary terms; and as a percentage of the AST.

In order to plan for, and measure success, it is going to be essential to 'benchmark' each service as Commercialisation is introduced to it. In practice, this means identifying its net financial impact to the Corporate Budgets (its net Service Spend) at a given point; which, it is envisioned will be the current total budget. Head of Finance and Resources will set confirm these start points. We will then, in effect conduct zero based budgeting to start each business plan and ensure that more accurate rebilling is applied.

This gives the basis for handing a Service or Unit a target to alter that financial impact. This has happened historically, but the Service will no longer be targeted to reduce its financial impact through reduced budgets, alone. Now the Service will be allowed to undertake wide reaching commercial activity in order to generate net profit, which can be counted towards its target. Service Heads and Unit Managers will have discretion to plan activity: cost-cutting or generating net profit to achieve those targets, using the measures highlighted in this Strategy.



The Service Head or Unit Manager can now plan for those actions with the assistance of the Commercial Development Unit (see para. 4.1) and produce a Commercial Business Plan for approval by their Director and the Commercial Opportunities Board (see para.4.1). It is envisioned that these plans will include the authority to re-invest a portion of turnover into stock or services for trading.

#### **4.5 Review and Performance Measures.**

##### **4.5.1 Accounting.**

In order that impact to the AST can be accurately measured, those Services and Units which have had Commercialisation implemented will need to be able to access commercial management account reports, reflecting activity against its commercial business plan. The current Corporate Chart of Accounts can produce these reports using Agresso, and Service Accountants will set these reports up, based on the Commercial Business plans which are developed.

All commercial accounting measures and financial projections will be included in Service and Unit commercial business plans and include profit and loss forecasts and actuals.

##### **4.5.2 Strategy Review.**

As commercialisation is a new strategy for MBC the Strategy will be subject to heavy review as the actual results of the strategy are assessed and the lessons learned from the roll-out programme are applied.

The Commercialisation Strategy will be reviewed annually by the CPDT and recommendations for amendments to the Strategy will be submitted to CLT and Cabinet for adoption by the council.

##### **4.5.3 Service Plans, Covalent and KPI.**

The roll-out program will be controlled and measured through the use of actions in Service Plans, and monitored through Covalent.

As discussed at para. 4.2, the only proper measure of the success of Commercialisation is the measurement of profitability; demonstrated either through the generation of surplus revenue or a reduction in costs. The Commercial Projects Manager and Head of Finance and Resources will be responsible for recording the programme affect and submit an annual report to CLT.

#### **5. Resources.**

##### **5.1 Commercial Development.**

In order that the CPDT can properly fulfil its functions , resources will be required to properly develop and research commercial opportunities and commercial business plans.; primarily for the retention of professional services, where required. Some of this work will be conducted in support of abortive projects.

The Invest to Save Fund has been established and for this purpose and stands at £500,000. Applications to the fund will be formulated by the CPDT under the review of Head of Commercial and Economic Development.

## 5.2 Commercial Investment Fund.

In June 2013 Council decided that a decision to approve £6m of prudential borrowing would be extended so that purchases could be made for:

*“Residential property including derelict and long term empty property, in order to restore and bring them back into use and property suitable for use as temporary accommodation, in order to reduce reliance upon bed and breakfast accommodation.”*

Previously, by decision in September 2012, the approved categories of investment were:

- a) Additions to the Council’s commercial property portfolio;
- b) Derelict residential property in order to restore and bring them back into use; and
- c) For strategic investment such as to progress stalled development.

An amendment to this decision will be tabled so that the types of acceptable investment will be widened to include all types of commercial investment.

## 5.3 Reserves.

MBC has allocated £500,000 of its reserves to mitigate any failed commercial activity; specifically, these reserves can fund measures required to bring a failed activity to a close.

The acceptable activities covered by this mitigation are the same categories defined at para. 4.4.2. These categories will be widened to cover all commercial activity.

## 5.4 Trading Options.

When considering appropriate vehicles to deliver commercial activity, and the consequent capitalisation of a commercial project, the CPDT will consider:

- Legal basis to trade.
- Tax.
- Appropriate mechanism for capitalisation (e.g. liability for assets/funding to MBC).
- A PESTLE analysis.

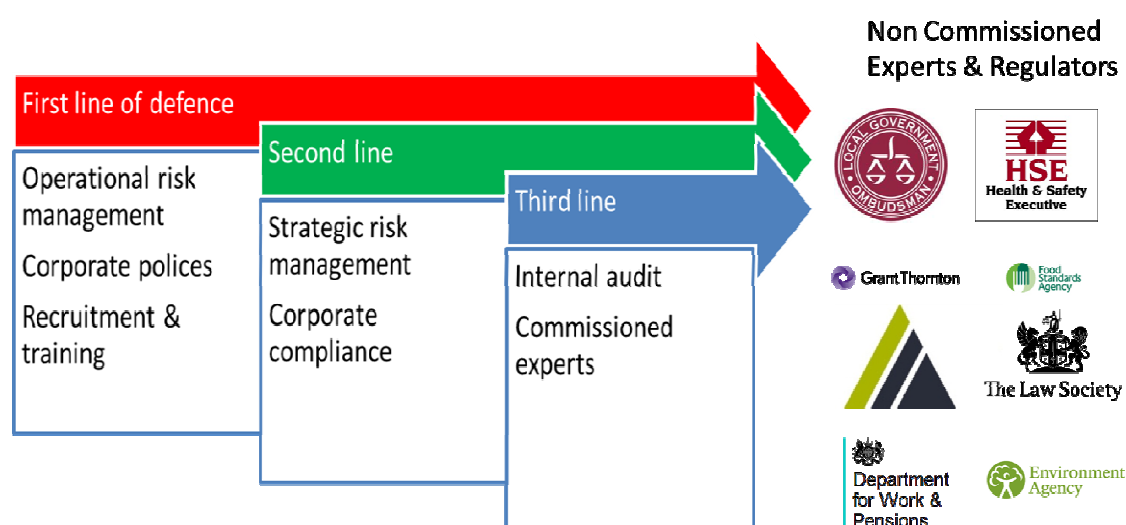
Types of options could include: Community Interest Company; company limited by share or guarantee; in-house; etc.

## 6 Audit and Risk Management Provision.

### 6.1 Audit Strategy.

An audit is a planned and documented activity performed by qualified personnel to determine by investigation, examination, or evaluation of objective evidence, the adequacy and compliance with established procedures, or applicable documents, and the effectiveness of implementation.

The range and scope of the types of project that could be executed under this strategy is vast; consequently a hard audit framework is impossible to design as a one size fits all solution. The Audit Partnership follows and advocates a three tier approach to audit which can be understood as follows:



Commercial projects conducted as part of this strategy will not deviate from this model.

The Audit Partnership will be engaged by the CPDT at early in the development of business cases to advise and check adequate, specific audit provision is included in project plans.

### 6.2 Risk Management.

Risk is part of life. Avoiding all risk would result in no achievement, no progress and no reward.

Risk management is the systematic process of understanding, evaluating and addressing these risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable. Risk management also exploits the opportunities uncertainty brings, allowing organisations to be aware of new possibilities. Essentially, effective risk management requires an informed understanding of relevant risks, an assessment of their relative priority and a rigorous approach to monitoring and controlling them.

- Operational risk – This will be assessed by the CPDT on a project-by-project basis and will be managed by the project manager through the project risk register.
- Strategic risk – This will be assessed and managed by CLT when considering recommendations to Cabinet and Council regarding a specific project.

### **6.3 Communicating the Strategy.**

MBC is launching a new way of doing business which, it is anticipated has scope to be misinterpreted with consequent damage to corporate reputation. The Communications Team will develop a plan to mitigate this special risk, which:

- Informs the electorate about this strategy, and why it is being implemented.
- Informs the elected members and officers about this strategy and why it is being implemented.
- Sets out criteria which can be applied during the planning of a particular commercial project in order to measure impact to the electorate's perception of MBC.
- Includes a communications strategy to deal with any commercial failures, or sudden interest in the Commercialisation Strategy from the press, or any other interested party.

**7. CONSOLIDATED TASKS AND TIMINGS LIST.**

<b>Serial</b>	<b>Task</b>	<b>Outcome</b>	<b>Responsible</b>	<b>Deadline</b>
<b>1</b>	Review of Strategy by CLT	CLT makes final amendments prior to recommendation to Council	Commercial Projects Manager	16 <sup>th</sup> July 2014
<b>2</b>	Pre-submission review by Overview and Scrutiny	Ascertain OSC input prior to the Strategy being considered for adoption.	Senior Corporate Policy Officer	16 <sup>th</sup> July 2014 for 29 <sup>th</sup> July 2014
<b>3</b>	All member briefing	Introduce concept and details of the strategy to the new council.	Head of Commercial and Economic Development	24 <sup>th</sup> September 2014
<b>4</b>	Submission to Cabinet	Strategy is approved by the Council	Senior Corporate Policy Officer	13 <sup>th</sup> August 2014
<b>5</b>	Call-in period completed	The Strategy is adopted by the Council	Senior Corporate Policy Officer	August 2014
<b>6</b>	Starting Up and Initiating a project paperwork prepared	Mandate to start the roll-out programme.	Commercial Projects Manager	31 <sup>st</sup> August 2014
<b>7</b>	Start and Initiate the Commercialisation roll-out programme	Start the programme with Maidstone Culture and Leisure	Project Sponsor – Zena Cooke	1 <sup>st</sup> September 2014
<b>8</b>	Complete the roll-out programme	Commercialisation of all services complete	Commercial Projects Manager	End of financial year 2018/19
<b>9</b>	First Commercialisation Strategy review	Adjust targets Apply Lessons Learned	Commercial Development Team (CDT)	September 2015 (annually thereafter)
<b>10</b>	Commercialisation is contributing £1m			Financial year 2018/19

	annually towards the AST.			
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## 8. GLOSSARY.

Term	Definition
Agresso	An accountancy software package used by MBC.
AST	Annual Savings Target. These are the defined within the Budget Strategy and represent the discrepancy between total revenue and operational spend. The Commercialisation Strategy is designed to assist MBC bridge the gap.
BI	Business Improvement. Ensuring that a particular service is being delivered in as efficient manner as possible by removing unnecessary actions performed in that delivery. It will also examine action costs and, within restrictions imposed by desired service quality, will search for cheaper ways of performing that action.
Business Rates	For the purposes of the Strategy business rates are the portion of NDR retained by MBC.
Cabinet	MBC does not operate a committee system and has delegated much executive authority to a single body. This body is the Cabinet.
Charging	Charging is the recovery of some or all of the cost of delivering a service; charging levels being set by political decision. The rules; statutes concerning charging; and governance of charging are clearly set out in MBC's Corporate Fees and Charging Policy.
CiC	Community interest company. A trading vehicle which protects assets and most profits for community benefit.
CLT	Corporate Leadership Team. The senior paid service organisation, within MBC which advises Council.
Commissioning	The process of defining desired outcomes for individuals and groups and the sourcing the most effective way of delivering services which meet those defined outcomes.
CPDT	Commercial Projects Development Team. An organisation designed to help research and develop commercial ideas and

	business cases for consideration by the council.
Invest to save.	A fund established at MBC which allows the capitalisation of activities and projects which, it is anticipated will result in a net reduction of operational spend.
Localism Act 2011	The Act which will give MBC the legal basis to trade, where no other exists. The Act in full can be found at <a href="http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted">http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted</a>
MBC	Maidstone Borough Council
Other Income	Income designation within The Medium Term Financial Strategy and Budget Strategies which is defined as any income received by MBC which is not a grant or local taxation. It specifically refers to revenue counting towards MBC's operational spend.
PESTLE	<p>An analysis tool which takes into account the following factors:</p> <ul style="list-style-type: none"> <li>• Political</li> <li>• Economic</li> <li>• Social</li> <li>• Technological</li> <li>• Legal</li> <li>• Environmental</li> </ul> <p>PESTLE started as a marketing analysis tool but is now being usefully applied to assess the impacts of policies and actions of public sector organisations; particularly commercial activities.</p>
Property Portfolio	<p>A group of assets, the Strategy aspires for MBC to hold (either directly or through an 'arms-length vehicle') which will allow MBC to benefit from:</p> <ul style="list-style-type: none"> <li>• Net revenue</li> <li>• Asset growth.</li> </ul>
RSG	Revenue Support Grant. A central government grant which is gradually being phased out and which, it is assumed will eventually be abolished.

Trading	The buying and selling of goods and services for profit.
Zero Based budgeting	Zero based budgeting also refers to the identification of a task or tasks and then funding resources to complete the task independent of current resourcing.



## COMMERCIAL PROJECTS

Income less direct costs (see note)							
	2015-16			2016-17 to September 2016			
Scheme	Budget	Actual	Variance (+ adverse, favourable)	Budget	Actual	Variance (+ adverse, - favourable)	Notes
Mote Park Cafe	£4,990	£25,770	-£20,780	-£63,900	£23,274	-£87,174	
Debt Recovery Service Trading				£36,063	-£2,830	£38,893	Service went live 20 June 2016
Business Terrace	-£26,810	-£22,006	-£4,804	-£29,760	-£29,576	-£184	Income only
Mote Park Pay & Display	£1,200	-£16,073	£17,273	-£102,907	-£75,324	-£27,583	
Commercial Waste Services	-£59,460	-£69,723	£10,263	-£30,650	-£38,769	£8,119	
Garden Refuse Collection	-£482,140	-£523,431	£41,291	-£416,274	-£420,035	£3,761	Direct costs represent Biffa contract charges
Total	-£562,220	-£605,462	£43,242	-£607,429	-£543,260	-£64,169	

Note - A net surplus on trading is indicated by a '-'.

## TEMPORARY ACCOMMODATION AVOIDED COSTS

	2015-16	2016-17 to September 2016	Notes
191			
Aylesbury House	£156,946	£61,961	These figures are based on the difference in standard TA nightly costs compared to Aylesbury and Magnolia House.
Magnolia House	£124,583	£51,782	
	<b>£281,528</b>	<b>£113,743</b>	

## Appendix C

### **The possible costs and returns from varying sizes of investment packages over a 5 year period**

	5 Year Investment Package				
Number of market rented homes built per annum	30	40	50	60	70
Number of market rented homes built over 5 years	150	200	250	300	350
Total cost of market rented home (£200k per unit land, works & on costs)	£ 30,000,000	£ 40,000,000	£ 50,000,000	£ 60,000,000	£ 70,000,000
Gross rental yield	6%	6%	6%	6%	6%
Net yield (after management, maintenance, voids & bad debt)	4.5%	4.5%	4.5%	4.5%	4.5%
Long term cost of funds / debt (Interest)	3%	3%	3%	3%	3%
Net rental income per annum	£ 1,350,000	£ 1,800,000	£ 2,250,000	£ 2,700,000	£ 3,150,000
Interest costs per annum	£ 900,000	£ 1,200,000	£ 1,500,000	£ 1,800,000	£ 2,100,000
Net cash flow per annum	£ 450,000	£ 600,000	£ 750,000	£ 900,000	£ 1,050,000
NB1. Once modelled within a discounted cash flow, rental income would rise annually versus static interest costs, so as to enable repayment of the capital invested.					
NB2. Capital growth occur over the medium to long term, and so this could be realised through sale of the assets in the long term, to boost returns further.					
NB3. Borrowing could be reduced by utilising New Homes Bonus, so net cash flows per annum could increase.					