

POLICY AND RESOURCES COMMITTEE MEETING

Date: Wednesday 23 January 2019
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership: Councillors Mrs Blackmore, Boughton, M Burton, Clark, Cox (Chairman), Field, Garland, Mrs Gooch, Harvey, McKay, McLoughlin, D Mortimer, Newton, Perry (Vice-Chairman) and Springett

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

AMENDED AGENDA

Page No.

1. Apologies for Absence
 2. Notification of Substitute Members
 3. Urgent Items
 4. Notification of Visiting Members
 5. Disclosures by Members and Officers
 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 5 December 2018 1 - 5
 9. Presentation of Petitions (if any)
- Notice has been given that the following petition will be considered at the committee meeting:**
- We the undersigned wish to stop Maidstone Borough council from selling or leasing the land known as Rosemary Road, Bearsted Play Area for housing development and building. The land should remain as a play/recreation area, for the use of residents, (of which some living close by, are infirm) and other visitors.**
10. Questions and answer session for members of the public (if any)

Issued on Tuesday 15 January 2019

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

11. Committee Work Programme	6
12. Business Rates Retail Relief	7 - 18
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18. Medium Term Financial Strategy – Capital Programme	97 - 113
19. Lenworth House (Urgent Item)	114 - 118

PART II

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

	Head of Schedule 12A and Brief Description	
20. Property Acquisition	Para 3 – Information relating to finance or business affairs	119 - 130
21. Minutes (Part II) of the Meeting Held on 5 December 2018	Paras 1 and 2 – Information regarding an individual	131 - 132

PUBLIC SPEAKING AND ALTERNATIVE FORMATS

If you require this information in an alternative format please contact us, call **01622 602899** or email committee@maidstone.gov.uk.

In order to speak at this meeting, please contact Democratic Services using the contact details above, by 5 p.m. one clear working day before the meeting (Monday 21 January). 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.

To find out more about the work of the Committee, please visit www.maidstone.gov.uk.

MAIDSTONE BOROUGH COUNCIL

Policy and Resources Committee

MINUTES OF THE MEETING HELD ON WEDNESDAY 5 DECEMBER 2018

Present: Councillors Mrs Blackmore, Boughton, Clark, Cox (Chairman), Field, Mrs Gooch, Harvey, McLoughlin, Newton, Perry, Springett and Mrs Wilson

123. APOLOGIES FOR ABSENCE

It was noted that apologies were received by Councillor Mortimer.

Councillor Boughton sent apologies for lateness.

124. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Wilson was present as a substitute for Councillor Mortimer.

Note: Councillor Boughton arrived during consideration of this item at 6.33 pm

125. URGENT ITEMS

The Chairman informed the Committee that he had decided to accept a report on Reference from Strategic Planning, Sustainability and Transportation Committee – Loose Neighbourhood Plan Consultation Response (Regulation 16) as an urgent item. The Chairman explained that the reason for urgency was that this item had been referred by the Committee that had met the previous evening, and the consultation response was due to close before the Policy and Resources Committee was due to meet again.

Note: Councillor Springett arrived at 6.36 pm, and Councillor Blackmore arrived at 6.40 pm, during consideration of this item.

126. NOTIFICATION OF VISITING MEMBERS

There were no visiting members.

127. DISCLOSURES BY MEMBERS AND OFFICERS

Councillor Clark declared that he had already responded to the Loose Neighbourhood Plan Consultation as a local business owner.

128. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

129. TO CONSIDER WHETHER ANY ITEMS SHOULD BE TAKEN IN PRIVATE BECAUSE OF THE POSSIBLE DISCLOSURE OF EXEMPT INFORMATION.

RESOLVED: That item 15. Enforcement Proceedings be taken in private due to the possible disclosure of exempt information.

130. PRESENTATION OF PETITIONS (IF ANY)

There were no petitions.

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

There were no questions from members of the public.

132. COMMITTEE WORK PROGRAMME

RESOLVED: That the Committee Work Programme is noted.

133. REPORTS OF OUTSIDE BODIES

There were no reports of Outside Bodies.

134. COUNCIL TAX BASE AND COLLECTION FUND ADJUSTMENT

Mr Mark Green, the Director of Finance and Business Improvement, presented a report outlining the Council Tax Base and Collection Fund Adjustment.

Mr Green explained that the authority was required to provide projections on the Council Tax base each year. The Council Tax Base figure equated to the number of residential properties in the borough that were liable to pay Council Tax, taking into account other factors that may affect the Council Tax Base including the issuing of various allowances and the proportion of non-collection. The calculation of this figure allowed the Council, and other precepting authorities, to make future financial projections. The Committee noted that in 2018/19 the growth in the Council Tax base was predicted to be 2%, but the actual growth was 1.82%.

Alongside the Council Tax Base, an adjustment was required to the Council's Collection Fund. The Collection Fund was the fund the Council was required to maintain to ensure any variances between the predicted and actual collection of Council Tax was reflected in the payments made to the various precepting authorities.

In response to a question from the Committee, Mr Green confirmed that the Council was not allowed to hold a contingency fund in the event of over distributing the collection fund. However as precepting authorities

tended to remain the same year to year, it was possible to recover any over allocation through subsequent distributions of the fund.

The Committee requested that an updated appendix showing the Parish Council Tax Base, including a further column with the previous year's data in, be circulated to members following the meeting.

RESOLVED:

1. Pursuant to this report and in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as its Council Tax Base for the year 2019/20 will be 62,033.4;
2. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as the Council Tax Base for each parish area for the year 2019/20 will be as identified in Appendix 2 to this report.
3. The 2018/19 Council Tax projection and proposed distribution detailed in Appendix 3 of this report is agreed.

Voting: Unanimous

135. KEY PERFORMANCE INDICATOR UPDATE QUARTER 2, P&R

Mr Green updated the Committee on the performance of its Key Performance Indicators (KPIs). 12 out of the 13 KPIs were at green status, having exceeded their targets. The only KPI which had not achieved its target related to Housing Preventions, and the reason for this was that the methodology had changed since the new Homelessness Reduction Act had come into force which restricted what activity could be counted as a prevention.

In response to a question from the Committee, Mr William Cornall, Director of Regeneration and Place, stated that he would check what type of roads the KPI relating to litter picking on high speed roads covered and circulate this information to members following the meeting.

RESOLVED:

That the summary of performance for Quarter 2 of 2018/19 for Key Performance Indicators (KPIs) be noted.

136. REFERENCE FROM STRATEGIC PLANNING, SUSTAINABILITY AND TRANSPORTATION COMMITTEE - LOOSE NEIGHBOURHOOD PLAN CONSULTATION RESPONSE (REGULATION 16)

Mr Sam Bailey, the Democratic and Administration Services Manager, explained that the Strategic Planning, Sustainability and Transportation Committee had referred an element of their report concerning the Loose Neighbourhood Plan Consultation to the Policy and Resources Committee

for comment. The element of the consultation response report referred was that of the proposed response of the Council as landowner, which dealt with the designation of land known as Field to the rear of Herts Crescent and McAlpine Close as Local Green Space, which Mr Green would submit under his delegated authority.

The Committee debated the proposed response and raised the following:

- Any designations of green space should be supported on principle as there was a shortage of green space in the borough. Enhanced protection for green space was required to protect it from development.
- There were different grades of local green space, it may not be beneficial to place protected status onto this land as it may be that the Council will want to use it for other purposes in the future, depending on the grade of the land.
- It was important to ensure that any objection made was consistent with the approach the Council had taken previously. It was important to understand whether the Council had raised objections to designation of its land as local green space in other Neighbourhood Plan consultations.

Mr Green confirmed that he would take into account the comments made by the Committee and the completed response would be circulated by email once he had exercised his delegated authority on this matter.

RESOLVED:

That the Director of Finance and Business Improvement takes into account the comments of the Policy and Resources Committee when exercising his delegated authority in relation to the Maidstone Borough Council response to the Loose Neighbourhood Plan as a landowner.

Voting: Unanimous

137. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That the press and the public be excluded from the meeting due to the possible disclosure of confidential information for the reasons outlined in the report, having taken into account the public interest test.

138. ENFORCEMENT PROCEEDINGS

Mr William Cornall, Director of Regeneration and Place, outlined an enforcement issue to the Committee.

RESOLVED:

That the report is noted.

139. DURATION OF MEETING

6.31 pm to 7.54pm

2018/19 WORK PROGRAMME

	Committee	Month	Lead	Report Author
Strategic Plan Action Plan	P&R	Feb-19	Angela Woodhouse	Anna Collier
Reference from CHE - Housing Delivery Partnership	P&R	Feb-19	William Cornall	
IT Strategy -2018-2023	P&R	Feb-19	Stephen McGinnes	Chris Woodward
Q3 Budget Monitoring 2018/19	P&R	Feb-19	Ellie Dunnet	Paul Holland
Q3 Performance Report 2018/19	P&R	Feb-19	Angela Woodhouse	Anna Collier
KPIs for 2019-20	P&R	Mar-19	Angela Woodhouse	Angela Woodhouse
Commissioning and Procurement Strategy	P&R	Apr-19	Mark Green	Georgia Hawkes
Risk Management Update	P&R	Apr-19	Russell Heppleston	Russell Heppleston & Alison Blake
Business Rates Retention - Update	P&R	Apr-19	Mark Green	Ellie Dunnet
Kent Medical Campus Innovation Centre	P&R	Apr-19	Dawn Hudd	Abi Lewis
Reference from CHE - CCTV Provision	P&R	TBC	William Cornall	John Littlemore
Debt Recovery Policy	P&R	TBC	Stephen McGinnes	Sheila Coburn
Mote Park Lake Dam	P&R	TBC	Mark Green	
Economic Development Strategy Review	P&R	TBC	John Foster	

Business Rates Retail Relief

Final Decision-Maker	Full Council
Lead Head of Service/Lead Director	Stephen McGinnes Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn Head of Revenues and Benefits Shared Service
Classification	Public
Wards affected	All

Executive Summary

The Government announced in the Budget on 29 October 2018 that it will provide a Business Rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.

The purpose of this report is to approve a Policy for awarding relief with effect from 1 April 2019 in line with the guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG).

This report makes the following recommendations to this Committee:

That Council is recommended to agree the Retail Relief Policy (Appendix 1) for the award of Business Rates Retail Relief in line with the guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG)

Timetable

Meeting	Date
Policy & Resources Committee	23 January 2019
Council	27 February 2019

1. INTRODUCTION AND BACKGROUND

- 1.1 The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve.
- 1.2 The Government announced in the Budget on 29 October 2018 that it will provide a Business Rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.
- 1.3 Retail properties are described as those that are wholly or mainly used as shops, restaurants, cafes and drinking establishments.
- 1.4 Examples of properties that are considered eligible for Retail Relief are included in the Retail Relief Policy in Appendix 1.
- 1.5 Examples of properties that are not considered eligible for Retail Relief are also included in the Retail Relief Policy in Appendix 1.
- 1.6 As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the reliefs available to properties.
- 1.7 Whilst the relief is to be awarded at the discretion of the council, the Government expects local authorities to include details of the relief to be provided to eligible ratepayers for 2019-20 in their bills for the beginning of that year.
- 1.8 The value of the relief will be one third of the net Business Rates bill, after mandatory reliefs and other discretionary reliefs have been applied.
- 1.9 The eligibility criteria is set out in the Ministry of Housing, Communities and Local Government (MHCLG) guidance, which has been incorporated into the Retail Relief Policy.
- 1.10 Authorities should determine for themselves whether particular properties are eligible for the relief.
- 1.11 It is estimated up to 1,000 businesses could be eligible for the relief, the cost of which will be fully reimbursed by Central Government.
- 1.12 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits.

2 AVAILABLE OPTIONS

- 2.1 Option 1 – do nothing option. This option would not assist those

businesses that the Government intends should benefit from relief.

- 2.2 Option 2 - The council could restrict the scheme to only apply in certain parts of the borough, fewer categories of properties or provide a lower level of reduction. In doing so it would limit the level of central government funding that is being brought into the borough to support retailers.
 - 2.3 Option 3 - The council could extend the scheme to include those retailers the government is not recommending for relief, but the additional cost would need to be met by the borough council.
 - 2.4 Option 4 – Award relief as described in the Retail Relief Policy in Appendix 1.
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3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 Option 4 is the preferred option as the council will be fully compensated for any relief given.
 - 3.2 Applying Option 4 will mean the relief is awarded in line with the intentions of central government to assist retailers.
-

4 RISK

- 4.1 In introducing a scheme which is limited for 2 years, the council risks ratepayers perceiving a disproportionate increase in their rate liability when the scheme ends.
 - 4.2 The restrictions on state aid are complex and are likely to be unfamiliar to many small businesses, resulting in an increase in enquiries.
 - 4.3 To mitigate this risk, an explanatory note will be issued to those businesses that qualify for relief.
-

5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 No consultation is necessary
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6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Details of the relief will be made available on the Council’s website and issued with Business Rates bills

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Securing a successful economy for Maidstone borough	Sheila Coburn, Head of Revenues and Benefits Partnership
Risk Management	Risk implications are set out in section 4 of the report.	Sheila Coburn, Head of Revenues and Benefits Partnership
Financial	None as the amount of relief awarded will be fully met by Central Government	Finance Team
Staffing	Relief will be awarded using existing resources	Sheila Coburn, Head of Revenues and Benefits Partnership
Legal	<p>Section 47 of the Local Government Act 1988 gives billing authorities discretionary rate relief powers that enable the Council to operate the proposed scheme.</p> <p>Central government will fully reimburse local authorities for the local share of the discretionary relief through a grant under section 31 of the Local Government Act 2003.</p> <p>There are no consequences arising from the recommendation that adversely affect or interfere with individuals’ rights and freedoms as set out in the Human Rights Act 1998.</p>	Keith Trowell, Team Leader (Corporate Governance), Legal Services
Privacy and Data	Accepting the recommendation	Keith Trowell,

Protection	may increase the volume of data held by the Council. The data will be held and processed in accordance with the data protection principles contained in the Data Protection Act 2018.	Team Leader (Corporate Governance), Legal Services
Equalities	Equalities have been considered and no impact has been identified.	Equalities and Corporate Policy Officer
Public Health	No impact identified	Sheila Coburn, Head of Revenues and Benefits Partnership
Crime and Disorder	No impact identified	Sheila Coburn, Head of Revenues and Benefits Partnership
Procurement	No impact identified	Sheila Coburn, Head of Revenues and Benefits Partnership

8 REPORT APPENDICES

Appendix 1 – Retail Relief Policy

9 BACKGROUND PAPERS

None

Business Rates

Retail Relief Policy

www.maidstone.gov.uk



1. Introduction and Purpose

The Government announced in the Budget on 29 October 2018 that it will provide a Business Rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.

This document provides guidance about the operation and delivery of the policy, including:

- Factors that should be considered when making a decision to award or refuse relief;

- Arrangements to delegate authority to award relief in appropriate circumstances;

- Appeals procedure for customers dissatisfied with the Council's decision;

If you would like further advice on application of the scheme please contact the Business Rates section at businessrates@midkent.gov.uk .

To view the guidance supplied by the Ministry of Housing, Communities & Local Government which has been incorporated into this document, please go to www.gov.uk/mhclg

2. How the relief will be provided

As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this guidance, reimburse the Council where it uses its discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

It is for the Council to decide on the scheme which they chose to adopt and decide in each individual case when to grant relief under section 47.

3. Which properties will benefit from the relief

Properties that will benefit from the relief will be occupied properties listed for rating (a hereditament) with a rateable value of less than £51,000 that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

We consider shops, restaurants, cafes and drinking establishments to mean:

Hereditaments that are being used for the sale of goods to visiting members of the public:

Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)

Charity shops

Opticians

Post offices

Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)

Car/ caravan show rooms

Second hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

Hereditaments that are being used for the provision of the following services to visiting members of the public:

Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)

Shoe repairs/ key cutting

Travel agents

Ticket offices e.g. for theatre

Dry cleaners

Launderettes

PC/ TV/ domestic appliance repair

Funeral directors

Photo processing

Tool hire

Car hire

Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

Restaurants

Takeaways

Sandwich shops

Coffee shops

Pubs

Bars

To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation.

Hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses.

The list is intended to be a guide as to the types of uses that the Council considers for this purpose to be retail.

The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief.

Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

4. Properties that will NOT qualify for relief

The list below sets out the types of uses that the Council does not consider to be retail use for the purpose of this relief. Again, the Council will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

Hereditaments that are being used for the provision of the following services to visiting members of the public:

Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)

Other services (e.g. estate agents, letting agents, employment agencies)

Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)

Post office sorting offices

Hereditaments that are not reasonably accessible to visiting members of the public:

Cinemas

Theatres

Museums

Nightclubs

Music venues

Gyms

5. How much relief will be available

The total amount of retail relief available for each property for each of the years under this scheme is 1/3rd of the net Business Rates payable.

There is no relief available under this scheme for properties with a rateable value of £51,000 or more.

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.

The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year:

Amount of relief to be granted =

$\frac{V}{3}$ where

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs.

The relief will be applied against the net bill after all other reliefs.

This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

6. State Aid

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid.

Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).

To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.

Where the Council makes an award based on an assumption that the undertaking will not be in receipt of more than €200,000 of De Minimis aid, an explanatory note will be provided and the undertaking requested to contact the Council where they believe they have may or have reached the De Minimis threshold. In such instances the council reserves the right to withdraw.

7. Period of Award and Backdating

This is a measure for 2019-20 and 2020-21 only. Where the Council has reason to believe (based on the information held) that the criteria for relief has been met, it will make an annual award at the start of each financial year 2019-20 and 2020-21.

Where liability starts, ends or changes part way through a year entitlement to relief will be reviewed in line with the guidance set out above.

The council will not accept any backdated requests for relief beyond the end of financial year for which relief is being claimed.

8. Decision making and appeals

Where the Council has reason to believe (based on the information held) that the criteria for relief has been met, it will award relief without the need for an application.

In all other circumstances an application will be required in writing setting out how the criteria for relief have been met.

In the interests of efficiency, the authority to consider applications is delegated to the Revenues Manager, who will ensure that a decision is notified in writing within 21 days of receipt of application or as soon as is reasonably practical thereafter.

Any appeal against the decision to award or not award relief or against the level of relief must be made in writing within four weeks of notification of the decision.

Authority to consider appeals is delegated to the Head of Revenues and Benefits Partnership who will notify the applicant of the final decision in writing within 10 days as to whether an appeal is refused or accepted, with a full explanation of the reasons for the decision.

Policy and Resources Committee

23 January 2019

Council Tax Long Term Empty Property Premium

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Stephen McGinnes Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn Head of Revenues and Benefits Shared Service
Classification	Public
Wards affected	All

Executive Summary

In general, properties that are unoccupied and substantially unfurnished do not benefit for any discount from Council Tax from the date they become unoccupied. Full Council Tax is payable.

Regulations were introduced in 2013 so councils had discretion to charge a 50% premium on properties which had been empty for more than 2 years.

Maidstone Borough Council made the decision to charge 50% Council Tax premium on properties that have been unoccupied for more than 2 years.

New regulations have now been introduced to allow authorities to vary the percentage of Council Tax premium that is charged over the next 3 years for 2019-20, 2020-21 and 2021-22.

The purpose of this report is to seek approval to introduce the new changes for each of these financial years.

This report makes the following recommendations to Committee:

That Council is recommended to implement the revised Council Tax premium for the financial years beginning on 1 April 2019, 1 April 2020 and 1 April 2021.

Timetable

Meeting	Date
Policy & Resources Committee	23 January 2019
Council	27 February 2019

Council Tax Long Term Empty Property Premium

1. INTRODUCTION AND BACKGROUND

- 1.1 In April 2013 the Council introduced a premium of 50% on properties that have been empty for a period of more than 2 years.
- 1.2 The definition of an empty property for Council Tax purposes is one that is unoccupied and is substantially unfurnished.
- 1.3 New regulations have been introduced to allow authorities to vary the percentage of premium that is charged.
- 1.4 From 1 April 2019 councils may charge a 100% premium for properties that have been empty for more than 2 years.
- 1.5 From 1 April 2020 councils may charge a 100% premium for properties that have been empty more than 2 years and less than 5 years and 200% for properties empty for over 5 years.
- 1.6 From 1 April 2021 councils may charge a 100% premium for properties that have been empty for more than 2 years and less than 5 years, 200% for properties that have been empty between 5 & 10 years, and 300% for properties that have been empty for over 10 years.
- 1.7 Any adjustment of the premium will be reflected in the Council Tax Base, increasing the amount of Council Tax to be generated by the Borough Council, Kent County Council, Police, Fire & Rescue and Parish Councils in line with their individual proportion of the overall Council Tax set.
- 1.8 In making that decision, the following considerations were taken into account:
 - Increasing pressures on housing and local government finance
 - Providing greater incentive for empty properties to be returned to use
 - Providing an important tool to encourage the use of empty properties
- 1.9 Council Tax is not charged on the basis that residents or non resident owners will use every service and many services such as planning, highways, street cleaning, local policing and fire services are essential in maintaining the local environment for both residents and non resident owners. Those services do not stop or become cheaper when a property becomes empty with the cost of awarding discounts currently subsidised by the wider Council Tax payer
- 1.10 The Secretary of State has through regulations prescribed classes of property for which a premium cannot be charged:

- A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service.
- An annexe deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of the main dwelling.

1.11 Although there is nothing prescribed in regulations, councils are expected to consider whether they wish to charge a premium for properties that are being actively marketed for sale.

1.12 If the council did choose to do this, it would increase administration in checking how long a property had been up for sale and whether the sale price had been reduced to try and effect a sale.

1.13 Using the current position for properties that have been empty for more than 2 years, the additional income per band is shown below for 2019-20, 2020-21 and 2021-22:

	Current numbers of Long Term Empty Premium Cases	Additional premium to be charged at 100% from 1 April 2019		Additional premium to be charged April 2020		Additional premium to be charged April 2021
100%	143	£231,522	86	£139,234	86	£139,234
200%			57	£184,566	31	£150,567
300%					26	£126,282
Total		£231,522		£323,800		£416,083

2 AVAILABLE OPTIONS

2.1 Option 1 – Do nothing. Do not implement any changes and leave the Long Term Empty premium as it currently is at 50%. This would mean there is no additional incentive for owners to bring back empty properties into use or further income generated.

2.2 Option 2 – Implement the changes, except for those owners who are actively marketing their property for sale. This option would require investigation as to how long properties have been on the market and a judgement as to whether the sale price and steps taken to sell the property were reasonable. This would be complex and administratively onerous.

2.3 Option 3 – Implement the changes outlined in 1.4, 1.5 and 1.6 by introducing the addition premiums on 1 April 2019, 1 April 2020 and 1 April 2021.

3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The preferred option is Option 3. By introducing the changes, this will be an important tool to encourage owners to bring empty homes back into use.
-

4 RISK

- 4.1 The risks associated with this proposal, including the risks if the council does not act as recommended, have been considered in line with the Council's Risk Management Framework.
-

5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 No consultation is necessary for these changes to take effect. However, a consultation that took place in 2012 as a wider review of Council Tax discounts supported the introduction to introduce a premium for empty properties.
-

6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Information will be made available on the Council's website and with the Council Tax bills that will be sent in March each year. We will also write to those owners where their properties will have been empty for 2 years in advance of the next financial year to advise them of the changes.
-

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Securing a successful economy for Maidstone Borough – a home for everyone	Sheila Coburn, Head of Revenues and Benefits Partnership
Risk Management	Behavioural change – owners changing the way they leave properties empty	Sheila Coburn, Head of Revenues and Benefits Partnership
Financial	Significant pressure on budgets means that the council needs to	Finance Team

	use available income generation legislation to deliver the services desired by the residents of the borough.	
Staffing	No impact	Sheila Coburn, Head of Revenues and Benefits Partnership
Legal	The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 came into force on 1 November 2018 and amends Section 11B of the Local Government Finance Act 1992. Section 11B of the 1992 Act sets out the higher amounts of council tax payable from April 2019 for long-term empty dwellings as detailed in paragraphs 1.4 to 1.6 above.	Keith Trowell, Team Leader (Corporate Governance), Legal Services
Privacy and Data Protection	Accepting the recommendation may increase the volume of data held by the Council. All data will be held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality.	Keith Trowell, Team Leader (Corporate Governance), Legal Services
Equalities	Equalities have been considered and no impact has been identified.	Equalities and Corporate Policy Officer
Crime and Disorder	No impact	Sheila Coburn, Head of Revenues and Benefits Partnership
Procurement	No impact	Sheila Coburn, Head of Revenues and Benefits

		Partnership
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8 REPORT APPENDICES

Appendix 1 – Council Tax Empty Property Policy

9 BACKGROUND PAPERS

None

COUNCIL TAX

EMPTY PROPERTY

POLICY

www.maidstone.gov.uk



1. Introduction and background

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

The statutory exemptions are:

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

2. Discretionary Discounts

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

1. Where a property becomes unoccupied and substantially unfurnished

2. Where a property is requiring or undergoing major repairs or structural alterations to render it habitable

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

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

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

Maidstone Borough Council will only consider a discount of 100% where a property is uninhabitable because of a natural disaster, flooding, fire or malicious damage which can be substantiated by a police report number. The amount of this discount will be no longer than 12 months. Evidence will need to be supplied upon request.

3. Long Term Empty Premium

Changes were introduced that allowed authorities to charge a 50% Council Tax premium on properties that have been unoccupied and substantially unfurnished for more than 2 years.

From 1 April 2013, Maidstone Borough Council adopted this change.

New regulations have been passed which allow councils to charge additional premiums from 1 April 2019 as follows:

1 April 2019 – properties that have been empty for more than 2 years – 100% premium

1 April 2020 – properties that have been empty for more than 5 years – 200% premium

1 April 2021 – properties that have been empty for more than 10 years – 300% premium

Maidstone Borough Council adopted these changes to take effect from 1 April 2019 and subsequent years.

4. Appeal rights

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

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

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

POLICY AND RESOURCES COMMITTEE	23 January 2019
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Property Asset Review

Final Decision-Maker	Policy and Resources Committee
Lead Director and Report Author	Mark Green, Director of Finance and Business Improvement
Lead Officer	Deborah Turner, Interim Strategic Property Consultant
Classification	Public
Wards affected	All

Executive Summary

This report summarises the results of an independent review of the Council’s property portfolio. The review makes recommendations about properties in the portfolio where it is considered appropriate to dispose of them, redevelop, carry out more estates work or carry out other management actions. The report describes the next steps in carrying forward the work arising from the review.

This report makes the following recommendations to this Committee:

1. That the completion of the Property Asset Review is noted.
2. That officers carry out the next steps identified in paragraphs 1.24 to 1.27 of this report.

Timetable	
Meeting	Date
Policy and Resources Committee	23 January 2019

Property Asset Review

1. INTRODUCTION AND BACKGROUND

Purpose of Review

- 1.1 Maidstone Borough Council holds nearly 300 separate property assets, with a balance sheet valuation as at March 2018 of £48 million. This includes property assets used to deliver council services, community assets such as parks and open spaces, and commercial property investment assets. The financial return generated from commercial property investments amounts to around £1.8 million per annum. £1.8 million represents less than 5% of the Council's £40 million revenue budget, so it is recognised that there is scope for increased property investment without exposing the Council to undue risk.
- 1.2 Given the scale and value of these property holdings, it is appropriate, in the interests of good financial stewardship, for the Council to ensure that it is getting good value from the portfolio, both in financial terms, and in terms of how it helps the Council serve the community. Accordingly, a Property Asset Review was agreed by Policy and Resources Committee at its meeting on March 2018 as one of the projects to be funded from the proceeds of the Business Rates Retention Pilot. The purpose of the review was described as being to:
- ensure that the Council's property assets can respond to the Council's corporate priorities
 - identify opportunities for the Council to optimise income or capital from Council owned property
 - ensure that all Council services are provided through facilities which are fit for purpose and utilised effectively.

Relevant corporate priorities include the following.

Strategic Priority – Embracing Growth and Enabling Infrastructure

- 1.3 This strategic priority, one of the four key priorities agreed by Council in December 2018 as part of the new Strategic Plan, recognises that there is a need for new housing in the borough, not only because of government targets but also because of the pressures on existing housing that can be observed locally. Meeting housing need includes the provision of affordable housing.
- 1.4 By adopting this strategic priority including the outcome "housing need is met including affordable housing", the Council recognises its role in meeting housing need. As well as facilitating the provision of housing by other agencies, it also has the opportunity to deliver housing directly. Specific policies for the provision of social housing through the Housing Delivery Partnership and private rented housing through Maidstone Property Holdings Limited have been adopted by the Council and are detailed below.

- 1.5 A key constraint in the delivery of new housing is the price and scarcity of land. The Council's property portfolio offers an opportunity to provide land for new housing with no net cash outlay.

Strategic Priority – Homes and Communities

- 1.6 This priority also recognises the importance of providing good quality housing, in particular to address homelessness and rough sleeping.

Strategic Priority – Safe, Clean and Green

- 1.7 This priority commits the Council to providing an environmentally attractive and sustainable Borough, with access for everyone to high quality parks and green spaces. The Council's ownership of parks, open spaces and land more generally provides an enormous range of opportunities for it to deliver this priority.

Strategic Priority – A Thriving Place

- 1.8 This priority seeks to promote Maidstone as a place offering both high quality leisure and culture and a good environment in which to do business. The Council already delivers many leisure and cultural services from its properties. Through creative use of its property, it can also stimulate the economy and bring in new businesses, as has been demonstrated by the Business Terrace and potentially through the Innovation Centre on the Kent Medical Campus.

Housing Delivery Partnership

- 1.9 The Housing Delivery Partnership supports the two strategic priorities, Embracing Growth and Enabling Infrastructure, and Homes and Communities. At its meeting on 13 November 2018, the Communities Housing and Environment Committee endorsed a plan to set up a Housing Delivery Partnership with a registered social housing provider. This would involve both partners committing to delivering housing as part of the S106 affordable housing market. This would be supported by new Affordable Housing Supplementary Planning Guidance.

Housing Development and Regeneration Investment Plan

- 1.10 The objectives of this plan are twofold – to develop housing ourselves and therefore address directly the need for new homes in the borough; and to generate long term revenue returns to the Council through developing homes for market rent through Maidstone Property Holdings Limited. Developments are currently under way at Union Street and Brunswick Street. Further expenditure may include acquisition of land to enable either future Council developments or larger scale projects delivered in conjunction with partners, whether from the private sector or from the social housing sector. A property acquisition that forms part of the Housing Development and Regeneration Investment Plan is subject to a Part B report elsewhere on this evening's agenda.

Commercial Investment Strategy

- 1.11 Other than service assets, the Council already holds a substantial commercial investment property portfolio which generates an income of around £1.8 million per annum. It has added to this portfolio in recent years through the acquisition of further commercial property on the Parkwood Industrial Estate. Our capital programme assumes that we will continue to expand the portfolio, subject to opportunities arising that generate the required rate of return and an allocation of £12.5 million has been set aside for this purpose.
- 1.12 Where properties in our existing portfolio are not generating a commercial rate of return, we need to consider whether they should be retained, or whether with further investment we can achieve a suitable return.

Individual Service Strategies and Plans

- 1.13 Individual Services around the Council have adopted strategies and plans that rely on our property assets, eg Parks and Open Spaces 10 Year Strategic Plan, Temporary Accommodation Strategy. We need to ensure that the assets in our portfolio are fit for the services' purpose and utilised effectively.
- 1.14 In summary, the Property Asset Review was intended to highlight the opportunities offered by our existing portfolio to support the Strategies and Plans outlined above.

How the Property Asset Review has been carried out

- 1.15 Following a competitive selection process, the Council appointed property consultants Gen2 to carry out the Property Asset Review. The review has now been completed.
- 1.16 The Asset Review examined all significant property holdings across the Council's portfolio. In each case, the following issues were considered:
- How the asset is currently used and why it is held;
 - Opportunities for higher value redevelopment and/or increased revenue generation
 - How the asset could be used or managed more effectively.

Not all Council properties were considered as part of the review. The Council owns a number of small areas of land, typically road verges. Such sites were excluded both because they offer limited opportunities and it would not have been cost-effective to investigate them in detail.

- 1.17 Gen 2 made recommendations about each property under the following broad headings:
- Hold
 - More estates work needed to maximise value
 - Management intervention required
 - Dispose
 - Develop

It should be noted that Gen2's recommendations are those of independent consultants. It is for the Council to decide, in the light of its own corporate priorities, whether to adopt these recommendations.

Summary of recommendations

1.18 An overall summary of Gen2's findings by category is set out below:

Category	Number of properties
Hold	153
More estates work needed to maximise value	61
Management intervention required	46
Develop	23
Dispose	10
Total	293

Further details for each category are as follows.

1.19 Hold

The majority of properties fit into the 'hold' category. These generally represented properties that are used successfully to provide a Council service, or investment properties which are generating an appropriate financial return for the Council. Properties were also included in this category if they were unsuitable for further development for other reasons. These included where the assets were of community importance and it was not feasible to relocate them, or where there were limitations from a planning perspective due to the nature of the site. No specific action needs to be taken in relation to these properties. However, the information gathered by Gen2 will be retained and updated as appropriate.

1.20 More estates work needed to maximise value

Based on Gen2's analysis of the Council's property records, they have identified a number of properties where further value may be captured. Typically this would be because rent reviews have not been undertaken or leases need to be renewed. It should be noted that, for example, a rent review may simply not have been carried out because it was judged that the outcome would not in fact have generated any financial benefit. Nevertheless, Gen2's recommendations merit further work to confirm the position, and to follow up if necessary with the necessary estate management measures.

1.21 Management intervention required

The properties that fell into this category were those where Gen2 believed there were opportunities from more active management of the site. The sites in question vary widely in use and character, but typically they were those where the site is under-utilised and greater community benefit could be derived from active management, in some cases with minimal further financial investment. Discussions with ward members arising from the

Property Asset Review have identified further opportunities, where sites may have been neglected in the past, but there is real potential for using them to achieve better outcomes for the community.

1.22 Develop

These sites were those where Gen2 believed there was a development opportunity from which the Council could benefit in the future. Gen2 recognised that the sites' occupational status or place in the portfolio may rule out immediate sale or development. In some cases, capacity from other sites would be required in order to enable development, for example by providing alternative public space. The recommendations acknowledged that further investigation would be required about the feasibility of individual sites and that development would be contingent on other Council policies and on the planning process.

1.23 Dispose

Gen2 included in this category those sites which would have fallen in the 'develop' category, but where the size of the site or the size of the development that it could reasonably accommodate was so small that it would not be worthwhile progressing the opportunity. Gen2 have suggested that in these cases there may be an opportunity sell several properties as a single lot or entering a joint venture between MBC and a developer or contractor.

Both development and disposal have the potential to generate surplus resources for reinvestment elsewhere in the Council.

Next Steps

1.24 The Property team have a programme of work to address the recommendations about more estates work and management intervention. This is an extensive programme of work and additional resource will be required to deliver it. However, it is likely to yield benefits in increased income and improved assets. Direction and/or decisions will be sought from Policy and Resources Committee as appropriate.

1.25 In the case of the properties identified under the 'develop' and 'dispose' categories, there are a number of issues that need to be considered before taking the recommendations any further. Individual sites need to be considered in light of the following.

- Existing use - this may provide benefits to the community which cannot be replicated elsewhere.
- Existing Council policies - the Council has existing policies, for example in relation to the provision of play areas, that are relevant, and may constrain or prevent development or disposal.
- Resident and councillor views - the steps that are being taken to ascertain councillors' views are described in further detail in section 5. This is a major consideration and will be reflected fully before taking forward specific proposals.

- Planning policy - an assessment of any development in relation to planning policies will be required. This will include whether there is already any existing planning history to the site.
- Infrastructure and role of other statutory bodies – we need to consider whether there are any infrastructure requirements, such as access, and the views of other statutory bodies that would be affected by any proposals.
- Strategic fit - Disposal or development should serve the strategic objectives set out above.
- Viability - A disposal or development would need to be financially viable, taking into account upfront costs as well as the costs of delivery.

1.26 This work has commenced. It will be carried out in conjunction with other relevant work programmes, in particular the work of the Regeneration and Economic Development team, which is responsible for carrying out the Housing Development and Regeneration Investment Plan. We will report back to Policy and Resources Committee with any recommendation to proceed further with proposals for development and/or disposal. At this stage it is too early to propose any sites for future development or disposal.

1.27 Gen2's work has allowed a large amount of information about the Council's property portfolio to be assembled. Gen2 have handed the database that they have created back to the Council. It will be used to update and improve our records, and will provide a valuable resource for the future. In particular, it is proposed to use the database to publish a Council Asset Register on our website. This will provide information about individual assets and will be updated regularly.

2. AVAILABLE OPTIONS

2.1 Option 1

Take no further action.

2.2 Option 2

Carry out the next steps as identified above.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 The preferred option is to carry out the next steps as identified above. In the interests of good stewardship, it is appropriate for the Council to obtain the best possible financial and community value from its property portfolio.

4. RISK

- 4.1 There are a range of risks associated with adopting some or all of the recommendations in the Property Asset Review – including political, financial and operational risks. These need to be balanced against the risks (opportunity costs) of doing nothing.
 - 4.2 Risk assessments will be carried out in relation to all specific projects arising from the review, in keeping with the Council’s usual policy.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 An earlier version of this report was submitted to Policy and Resources Committee on 21 November 2018. Members decided that the report should be taken in public, rather than in private. This report is accordingly public, but, following legal advice, it excludes commercially sensitive information about individual properties.
 - 5.2 In order to ensure that all members were appraised of information about the Property Asset Review, a drop-in session was held on 9 January so that they could review details of Council-owned assets in their wards and adjoining areas. It was recognised that members will often have detailed knowledge about the history of particular properties and how they are used. The drop-in session was well-attended, and was helpful in particular in identifying further potential opportunities for the creative use of council property.
 - 5.3 The drop-in session was complemented by an overall briefing on the Property Asset Review in the evening of 9 January.
 - 5.4 Member engagement has confirmed the value that members place on individual assets in their wards and neighbouring areas, particularly parks and open spaces. Members provided much invaluable contextual information about these assets which will be fully reflected in the next steps.
 - 5.5 Consultation with all relevant stakeholders will take place in relation to any specific recommendations that are taken forward, in addition to the public engagement that would take place in any case with respect to any site identified for change of use, in accordance with the Council’s normal practice.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The next steps are described in paragraphs 1.24 to 1.27 above. It is envisaged that a further report will be brought to the Committee later in 2019.
-

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Property Asset Review will help the Council deliver its corporate priorities by giving a clearer understanding of its existing property assets.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 4 of the report.	Section 151 Officer & Finance Team
Financial	The availability of resources to address specific projects arising from the Property Asset Review will be addressed as part of the budget process.	Section 151 Officer & Finance Team
Staffing	Strategic property management is handled by the existing in-house team. Staffing requirements arising from any recommendations of the Property Asset Review will be identified on a project by project basis.	Section 151 Officer & Finance Team
Legal	<p>Section 151 of the Local Government Act 1972 requires councils to put in place proper processes for the management of their finances, including their assets. The Property Asset Review demonstrates the Council's commitment to fulfilling its duties under the Act.</p> <p>The Local Government Act 1972, section 111(1) empowers a local authority to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. This enables the Council as part of its asset management strategy to</p>	[Team Leader (Corporate Governance), MKLS]

	<p>acquire and/or dispose of assets meeting relevant statutory requirements.</p> <p>In particular, section 120(1)(2) of the 1972 Act enables the Council to acquire land to be used for the benefit, improvement or development of their area; or for the purpose of discharging the Council's functions.</p> <p>Section 123(2) of the 1972 Act enables the Council to dispose of land or property for the best consideration reasonably obtainable, otherwise the consent of the Secretary of State will be required subject to certain conditions.</p> <p>Acting on the recommendations is within the Council's powers as set out in the above statutory provisions.</p> <p>As this is a public report, details of individual property assets are not shown here. Information that outlines any limitations regarding any land/property and/or the Council's future strategy regarding a site may compromise the Council's ability to negotiate a favourable position thereby compromising the ability of the Council to achieve the best consideration in monetary terms or otherwise.</p> <p>Part 1 of Schedule 12A of the Local Government Act 1972 enables the Council to treat information as exempt from publication.</p> <p>Legal implications arising from any recommendations of the Property Asset Review will be identified on a project by project basis.</p>	
<p>Equalities</p>	<p>Dependant on the recommendations agreed, the equalities impact will be considered in relation to specific projects.</p>	<p>Equalities and Corporate Policy Officer</p>

Crime and Disorder	Not applicable.	Section 151 Officer & Finance Team
Procurement	Procurement implications arising from any recommendations of the Property Asset Review will be identified on a project by project basis.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

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

None.

9. BACKGROUND PAPERS

The full Gen2 Property Asset Review report can be made available to members of Policy and Resources Committee electronically on request. This is because the report is commercially sensitive and too long to attach to an agenda.

Agenda Item 15

Policy and Resources Committee

23 January 2019

100% Business Rates Retention Pilot - Update

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service/Lead Director	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

The Council is due to receive additional business rates income, initially estimated as £640,000, for one year only in 2018/19 as a result of its participation in the Kent and Medway 100% Business Rates Retention pilot. Policy and Resources Committee agreed 13 projects for funding from this additional income at its meeting on 28 March 2018. This report describes progress with these projects to the end of quarter 3 of 2018/19.

This report makes the following recommendations to this Committee:

That progress with the Business Rates Retention pilot projects be noted.

Timetable

Meeting	Date
Policy and Resources Committee	23 January 2019 (Quarter 3)
Policy and Resources Committee	24 April 2019 (Quarter 4)

100% Business Rates Retention Pilot - Update

INTRODUCTION AND BACKGROUND

- 1.1 Kent County Council, Medway Council, and all twelve districts within the Kent county area successfully applied in 2017 to become a 100% Business Rates Retention pilot for the financial year 2018/19. This means that the Government will allow 100% of business rates growth to be retained within the local area. The consequent financial gain across the whole area was estimated to be £24.7 million in 2018/19, to be split 70:30 between a Financial Sustainability Fund and a Housing and Commercial Growth Fund.

Financial Sustainability Fund

- 1.2 Maidstone's share of the Financial Sustainability Fund (FSF) was originally estimated as being £640,000. Officers developed proposals for a number of discrete projects which would meet the criteria for the FSF and Policy and Resources Committee agreed thirteen projects at its meeting on 28 March, as follows:

	£000
<u>Tranche 1</u>	
Housing First and Rough Sleepers	80
Regeneration Opportunity Areas	80
Property Asset Review	55
Members' Community Grant	60
<u>Tranche 2</u>	
Predictive analytics and preventing homelessness	80
Housing Delivery Partnership	40
Go Green, Go Wild	90
Maidstone Business capital of Kent – marketing strategy	35
Staplehurst Village Centre Masterplan	15
<u>Tranche 3</u>	
Maidstone Housing Design Guide	40
Electric vehicle charging points	20
Bus Station improvement - feasibility study	10
Data analytics for Inclusive Growth	35
TOTAL	640

- 1.3 The projects were divided into tranches so that funding for each tranche could be released as soon as it was considered prudent to do so. Current

projections indicate that at least £640,000 will be generated from the Pilot so all three tranches of funding have been released.

- 1.4 Progress to date is set out in Appendix 1. Work has commenced on all of the projects. In total, £474,000 has been spent or committed.

Housing and Commercial Growth Fund

- 1.5 The Business Rates Retention Pilot bid specified that the Housing and Commercial Growth Fund would be allocated between three clusters of authorities, representing East, North and West Kent. Decisions about use of the fund are made using the established leaders' board arrangements in the respective areas. North Kent leaders (Dartford, Gravesham, Medway, Swale and Maidstone) have met and agreed a prospectus setting out proposals for use of the Fund. This includes a contribution of £750,000 towards Maidstone Council's Mall Bus Station redevelopment project.

Further developments

- 1.6 The proceeds from the Financial Sustainability Fund were originally estimated as being £640,000. Current indications are that the proceeds will be in excess of this amount, but a final figure will not be known until the accounts for 2018/19 are closed. Accordingly, it is proposed that the Committee consider proposals for any balance of funding when the 2018/19 financial outturn is reported in June 2019.
- 1.7 Kent and Medway authorities bid to be a Business Rates Retention pilot again for 2019/20. The 2019/20 pilot offers 75% business rates retention, rather than 100%, but clearly the benefits would still have been substantial. Unfortunately, our bid was unsuccessful. There were twelve new pilots, and of the eight 2018/19 pilots announced alongside Kent and Medway the previous year, only three (Solent, Berkshire, Leeds – which is now part of a North and West Yorkshire pilot) were given pilot status again in 2019/20. No detailed explanation has been provided by the Ministry of Housing and Local Government. Although we are seeking more information and lobbying for a different outcome, it is unusual for such decisions to be reversed.

2. AVAILABLE OPTIONS

- 2.1 This report is to note only.

3. RISKS

- 3.1 As with any projects, the Business Rates Retention Pilot projects could fail to be delivered, or could be delivered but exceed their budget allocations. This risk is mitigated in several ways. There is a strong project management culture in the Council. Monitoring arrangements have been put in place for all the projects, to ensure that they deliver within budget and to the agreed timetable. Finally, post project reviews will be carried out

to evaluate the outcomes and to derive any lessons learned from the projects.

4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

4.1 Policy and Resources Committee received an initial report on Business Rates Retention pilot projects at its meeting on 24 January 2018. A draft set of projects was included within the budget proposals considered by the Committee at its meeting on 14 February 2018. The Committee requested that further consideration be given to the priority and scope of the projects. An informal briefing was held on 8 March, to which all councillors were invited, at which project sponsors described their projects and answered questions on them. The Committee then formally agreed thirteen projects at its meeting on 28 March and has reviewed progress on a quarterly basis since then.

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

5.1 Progress with the pilot projects is being reported to Policy and Resources Committee on a quarterly basis during the course of the year.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The projects described in this report support the Council's strategic plan objectives.	Section 151 Officer & Finance Team
Risk Management	See section 3 above.	Section 151 Officer & Finance Team
Financial	Set out in report.	Section 151 Officer & Finance Team
Staffing	None.	Section 151 Officer & Finance Team

Legal	The Council has a statutory obligation to set a balanced budget. Allocation of resources in the way set out in this report supports achievement of a balanced budget.	Legal Team
Privacy and Data Protection	None.	Section 151 Officer & Finance Team
Equalities	Where appropriate, Equalities Impact Assessments will be carried out for specific projects.	Section 151 Officer & Finance Team
Crime and Disorder	None.	Section 151 Officer & Finance Team
Procurement	Procurement of services in the course of delivering the projects will be in accordance with the procurement provisions within the Council's constitution.	Section 151 Officer & Finance Team

7. REPORT APPENDICES

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

- Appendix 1: Project updates.

8. BACKGROUND PAPERS

There are no background papers.

BUSINESS RATES RETENTION PILOT PROJECTS
QUARTERLY MONITORING RETURNS

HOUSING FIRST

Name of project	Housing First	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	80
Spent to date	0
Committed future spend	80
Remaining budget	0

Project overview	
What progress has been made to date?	<p>The Porchlight Housing first worker is now in post. The cohort of seven rough sleepers have been identified through the agreed matrix and work is commencing with those individuals.</p> <p>Golding Homes have joined the partnership group after John Littlemore and Hannah Gaston met with the CEO and DoO to discuss.</p> <p>Golding have committed to providing at a minimum of five dwellings, including kitting those out with floor coverings and white goods.</p>
What issues have you faced?	<p>The sourcing of suitable accommodation was a previous barrier but following the positive meeting with Golding Homes this concern has reduced.</p>
What successes have been achieved?	<p>Having now obtained the necessary commitment to the three-way partnership with a significant level of assurance from Golding Homes is a major accomplishment.</p>
What are the next steps?	<p>Golding Homes are identifying appropriate accommodation. Porchlight and Golding will share information about the clients to ensure maximum risk management.</p>
Are there any risks that need reporting?	<p>None currently, as the project is on track to deliver its intended outcomes. This will be reviewed once the clients are placed into accommodation.</p>

TOWN CENTRE OPPORTUNITY SITES

Name of project	Town Centre Opportunity Sites	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	80
Spent to date	55
Committed future spend	25
Remaining budget	0

Project overview	
What progress has been made to date?	Draft planning guidance has been received from Savills for all 5 opportunity area sites. The project board have reviewed the documents and fed back revisions. The 5 guidance documents are due to go to SPST April 2019 for agreement. Quantum’s associated marketing has been covered in the marketing report.
What issues have you faced?	Some Members have raised concerns regarding the volume of units being proposed across the sites after the second workshop. This concern is being mitigated by clear phasing in the guidance to indicate the staggered delivery and a greater mix of housing types rather than just apartments.
What successes have been achieved?	Positive engagement with all stakeholders.
What are the next steps?	Final versions to be received from Savills. Planning guidance will go to SPST.
Are there any risks that need reporting?	none

PROPERTY ASSET REVIEW

Name of project	Property Asset Review	Quarter ended	31/12/18
------------------------	------------------------------	----------------------	----------

Overall RAG rating
Green

Financial Summary	
	£000
Allocation	55
Spent to date	40
Committed future spend	15
Remaining budget	0

Project overview	
What progress has been made to date?	Gen2 have now completed their review and submitted a report.
What issues have you faced?	Gen2 had to devote more resource than envisaged to construction of the property database, owing to the complexity of our title documentation (in some cases title deeds go back over 100 years).
What successes have been achieved?	A report has been submitted in line with the project timetable.
What are the next steps?	The Gen2 findings have been reviewed and a report is going to Policy and Resources Committee in January 2019. The balance of the project funding is being used to carry forward the report recommendations.
Are there any risks that need reporting?	No.

MEMBERS' COMMUNITY GRANT

Name of project	Members' Community Grant	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
Allocation	£55,000.00
Spent to date	£12,884.03
Committed future spend	
Remaining budget	£42,115.97

Project overview	
What progress has been made to date?	Applications have now been received from members representing the following wards: Allington Barming & Teston Bearsted Boxley East Fant Harrietsham & Lenham Heath North Loose Shepway North Staplehurst
What issues have you faced?	
What successes have been achieved?	
What are the next steps?	Continue to administer the grant funding as per the grant conditions.
Are there any risks that need reporting?	None.

PREDICTIVE ANALYTICS AND PREVENTING HOMELESSNESS

Name of project	Predictive analytics and preventing homelessness	Quarter ended	31 Dec 2018
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	80
Spent to date	0
Committed future spend	80
Remaining budget	0

Project overview	
What progress has been made to date?	<p>Since the initial scoping meeting in August, EY Xantura submitted a commercial offer for deployment of the predictive analytics project and a further meeting has been held with relevant service managers.</p> <p>Core datasets required for the project have been identified and service managers have been asked to extract the datasets ready for when the Information Governance (IG) Bridge has been installed.</p> <p>Technical spec for the network setup to install the IG Bridge has been given to IT for installation.</p> <p>The Data Protection Impact Assessment is in process of being drawn up.</p> <p>The contract for the design and deployment of a financial exclusion predictive analytics model with EY Xantura has been formulated, with a start date for commencing the project set as being 14.01.19. Contract is currently with John as project sponsor to review and sign.</p>
What issues have you faced?	<p>Initial scope for the project has slightly changed to have a focus on a financial exclusion predictive analytics model, due to not current having any datasets from KCC, which are required and initial cost of the project being quoted as £250K.</p>
What successes have been achieved?	<p>Support from internal stakeholder service managers within Revenues & Benefits; Information & Policy; and IT, as they are key partners to ensure the project is able to deliver.</p>
What are the	<ul style="list-style-type: none"> • Contract to be signed and returned.

<p>next steps?</p>	<ul style="list-style-type: none"> • VNP set up for IG Bridge Installation • Datasets to be extracted and prepared for sending once IG Bridge installed. • DAIP to be completed. • Hypothesis workshop arranged for 29th January • Arrange meeting for EY Xantura to meet with John as project sponsor and for EY Xantura to introduce their sponsoring partner.
<p>Are there any risks that need reporting?</p>	<p>The project also includes developing a data expansion plan, to identify additional data sets and working with partners. There is the risk that this may not be achievable if partners are unwilling to share their data.</p> <p>There is also the risk that once the model has been deployed and data analysed that it does not procure any useful data that predicts households or individuals as being at risk of homelessness due to financial exclusion.</p>

HOUSING DELIVERY PARTNERSHIP (HDP)

Name of project	Housing Delivery Partnership (HDP)	Quarter ended	31/12/2018
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Overall RAG rating	Financial Summary	
Green		£000
	Allocation	40
	Spent to date	0
	Committed future spend	0
	Remaining budget	40

Project overview	
What progress has been made to date?	<p>The HDP business case was approved by CLT in Summer 2018, and was ready to go forward to CHE since then.</p> <p>However the Chair of CHE asked that the proposal be deferred until November 2018, so that the Committee could debate its preferred level of intervention into this area of work at their Corporate Plan session of CHE, in October 18.</p> <p>Ultimately it was approved at the meeting of CHE in November 2018, and was referred to P&R given the quantum of capital investment required, and will be considered at the P&R meeting on 13th Feb 2018.</p> <p>In terms of putting in place the Affordable Housing Supplementary Planning Guidance (SPG), a specification was produced and tendered and Adams Integra were appointed to undertake the commission. Their work is now well underway and will be concluded during Q4 of the current financial year, pending adoption.</p>
What issues have you faced?	<p>The first mini tenders for firms to write the SPD was unsuccessful which caused a delay.</p> <p>The timing of the production of the Corporate Plan caused matters to be slightly delayed, but ultimately this was helpful in establishing a good degree of consensus for the proposal.</p>
What successes have been achieved?	<p>Adams Integra are now making progress on the SPD and a Member workshop to review the first draft is imminent. CHE have approved the proposal.</p>
What are the next steps?	<p>To secure the P&R approval next month and then proceed with soft market testing for a suitable partner for the HDP.</p>
Are there any risks that need reporting?	<p>Only that if P&R don't endorse the HDP proposal, in which case, the project will be scaled back simply to focus upon the production of the SPD.</p>

GO GREEN, GO WILD

Name of project	Go Green, Go Wild	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	90
Spent to date	0.07
Committed future spend	90
Remaining budget	0

Project overview	
What progress has been made to date?	<p>The project has now been named as "Go Green, Go Wild" by the project board and following consultation with the Chair and Vice Chair of HCL committee.</p> <p>Banners and flyers have been produced to engage with residents about the objectives of the project and to understand what local environmental projects they would like to see in their local community.</p> <p>A Community Partnership Officer has been appointed for two years and has started engaging with local community groups. The Parks and Open Spaces Team have also launched a number of initiatives which will be publicised under the "Go Green Go Wild" branding including the creation of wildflower meadows.</p> <p>The Digital Team have started work on developing the new website which will enable individuals and communities to document and publicise their activities to promote biodiversity in the Borough.</p>
What issues have you faced?	<p>Previously there was some difficulty engaging with existing community groups and gaining feedback from residents about the concept, however with the new Community Partnership Officer in post they have managed to</p>
What successes have been achieved?	<p>Identifying a brand name – <i>Go Green, Go Wild!</i></p> <p>The new Community Partnership Officer starting in post</p>
What are the next steps?	<p>Starting the build of the Go Green Go Wild website</p> <p>Identifying and engaging with local community groups</p>
Are there any risks that need reporting?	<p>No.</p>

MAIDSTONE BUSINESS CAPITAL OF KENT MARKETING CAMPAIGN

Name of project	Maidstone Business Capital of Kent marketing campaign	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	50 (£35k from this fund + £15k from 5 opportunity sites fund)
Spent to date	17
Committed future spend	33
Remaining budget	0

Project overview	
What progress has been made to date?	<ul style="list-style-type: none"> • Top ten key messages confirmed • Press coverage continued • Maidstone Business Forum Event 5th December • Case studies produced • Website updated • Social media postings. • Meetings with businesses and business groups.
What issues have you faced?	None.
What successes have been achieved?	<p>Improved relationship with Kent Messenger and Kent Business.</p> <p>Increased awareness of Maidstone’s economic development projects within first month of contract.</p> <p>Increasing uptake of articles and press releases across media.</p> <p>Maidstone Business Event hugely successful</p>
What are the next steps?	<p>Interactive map to be completed</p> <p>Planning for next year’s Inward Investment Event to commence</p>
Are there any risks that need reporting?	None noted at this time.

STAPLEHURST VILLAGE CENTRE MASTER PLAN (TRANCHE 2)

Name of project	Staplehurst Village Centre Master Plan (Tranche 2)	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	15
Spent to date	0
Committed future spend	0
Remaining budget	15

Project overview	
What progress has been made to date?	<p>Discussions have taken place between MBC officers, Aldi and Cllr Brice to discuss their possible investment in Staplehurst</p> <p>Discussions have taken place with Southeastern, MBC officers and Cllr Brice regarding the circa £1m improvements to the station car park funded through S106 monies.</p> <p>Received a draft report on titles for the new employment allocation in Staplehurst to ascertain why the site is not coming forward for development and further advice is being sought.</p>
What issues have you faced?	<p>The new employment land allocation at the end of Lodge Road is in three ownerships. Overage payments are required. Complexity of land ownership may need MBC intervention.</p> <p>A report on title is being sought from Legal Services but a final report is delayed because information on the location of the adopted highway has not been received from Kent County Council – they have apologised for the delay.</p>
What successes have been achieved?	<p>Meeting with Aldi has confirmed the damaging effect the extent Sainsbury’s application is having on investment in the village. The meeting on site with Southeastern is expected to yield changes to the designs which will be more acceptable.</p>
What are the next steps?	<ul style="list-style-type: none"> • Contact Sainsbury to understand whether they will build out their planning application or whether they are prepared to sell their site. • Open talks with Tesco regarding selling their land. • Meet with owners of new employments allocation. • Consider direct intervention/investment in the employment allocation
Are there any risks that need reporting?	<p>The aspirations in the Staplehurst Neighbourhood Plan for land around the Station is not deliverable without external funding. The Plan may need to be changed to reflect the work of the feasibility study. This will only be achieved with the support of the Parish and Ward Councillors.</p>

MAIDSTONE HOUSING DESIGN GUIDE (TRANCHE 3)

Name of project	Maidstone Housing Design Guide (Tranche 3)	Quarter ended	30/09/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	40
Spent to date	13
Committed future spend	15
Remaining budget	12

Project overview	
What progress has been made to date?	Design South East have been commissioned to produce a Maidstone BC version of the national 'Building for Life 12'. Work commenced on the draft document in September and there were design tours and a workshop for both councillors and officers in October and early November with a subsequent report to SPST programmed for March. Preliminary work has begun on 'street design' guidance document.
What issues have you faced?	N/A
What successes have been achieved?	Commissioning and project plan plus collaborative approach. Positivity from councillors.
What are the next steps?	See above.
Are there any risks that need reporting?	Not at this time.

ELECTRIC VEHICLE CHARGING POINTS

Name of project	Electric vehicle charging points	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	20
Spent to date	0
Committed future spend	14
Remaining budget	6

Project overview	
What progress has been made to date?	<p>Parking Services have identified a number of electric vehicle charging point suppliers through market research and through the ESPO procurement framework 636.</p> <p>Quotes for civil works undertaken by UK Power Network for each EV point location have been confirmed and these have been included in the future spend summary.</p> <p>Parking Services are continuing to engaging with EV users and suppliers to identify the best charging method and operation model in line with customer expectations.</p>
What issues have you faced?	<p>Some proposed EV point locations require significant civil works to upgrade the infrastructure to accommodate suitable electric supply. This has been considered in the overall delivery plan and the most efficient sites have been selected in terms of location and costs.</p>
What successes have been achieved?	<p>Initial quotes from UK Power Network estimated civil work costs at £22,846. This has been reduced to £13,309 following detailed investigation works and negotiation saving £9,537. It is anticipated that Civil Works will start during Q4 2019/20.</p>
What are the next steps?	<p>Parking Services will shortly place an order with UK Power Network as the only supplier able to carry out the civil works and to proceed with the procurement of 8 units for installation following completion of the civil works.</p> <p>Installation will be funded from the remaining budget. This will provide a total of 16 Electric Vehicle bays in prime town locations in off-street car parks.</p>
Are there any risks that need reporting?	None.

BUS STATION IMPROVEMENT FEASIBILITY STUDY

Name of project	Bus Station Improvement Feasibility Study	Quarter ended	31/12/18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	10
Spent to date	0
Committed future spend	0
Remaining budget	10

Project overview	
What progress has been made to date?	Invitations to Tender for an Architect and Employers Agent (EA) were sent out in the Autumn and a good response has been received. An appointment is expected in January 2019
What issues have you faced?	<p>Arriva and Capital and Regional have only committed to contribute to the Design phases as this stage.</p> <p>Kent County Council have been informed of MBC's intention to spend the £750,000 from the Kent & Medway Business Rates Retention Pilot Housing and Commercial Growth Fund on this project, but have not received a response from them.</p>
What successes have been achieved?	Arriva have agreed to contribute towards the professional fees for the EA, Architect and other surveys.
What are the next steps?	<ul style="list-style-type: none"> • Appoint EA and Architect • Agree scope and programme of works • Seek all partners' agreement to the capital costs of the works. • Appoint a contractor
Are there any risks that need reporting?	There is a risk that Arriva will not be convinced that the proposed improvement works, as designed, would not produce a return on their investment and may choose not to contribute towards the capital costs.

DATA ANALYTICS FOR INCLUSIVE GROWTH

Name of project	Data analytics for Inclusive Growth	Quarter ended	31.12.18
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Overall RAG rating
Green

Financial Summary	
	£000
Allocation	35
Spent to date	
Committed future spend	
Remaining budget	35

Project overview	
What progress has been made to date?	The new Strategic Plan was adopted by Council at its meeting on 12 th December 2018. The agreed strategic objectives will determine the data that are to be monitored and reported as part of this project.
What issues have you faced?	N/A
What successes have been achieved?	N/A
What are the next steps?	Data requirements, based on the agreed strategic priorities, have been mapped out. We are now recruiting a project officer, working on a fixed term contract, who will assemble the data and establish systems for keeping them up to date and monitoring them.
Are there any risks that need reporting?	No.

Agenda Item 16

POLICY AND RESOURCES COMMITTEE

23 January 2019

Medium Term Financial Strategy and Budget Proposals

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

This report forms part of the process of agreeing a budget for 2019/20 and setting next year's Council Tax. Following agreement by Council of the Medium Term Finance Strategy at its meeting on 12 December 2018, this report sets out budget proposals for services within the remit of this Committee and the other Service Committees. This Committee will then consider comments from other Service Committees and finalise the budget proposals for submission to Council at its meeting on 13 February.

This report makes the following recommendations to this Committee:

1. That the revenue budget proposals for services within the remit of this Committee, as set out in Appendix A, be agreed.
2. That the revenue budget proposals for services within the remit of the other Service Committees, as set out in Appendix B, be noted.

Timetable

Meeting	Date
Strategic Planning, Sustainability and Transportation Committee	8 January 2019
Communities, Housing and Environment Committee	15 January 2019
Policy and Resources Committee	23 January 2019
Heritage, Culture and Leisure Committee	29 January 2019
Policy and Resources Committee	13 February 2019
Council	27 February 2019

Medium Term Financial Strategy and Budget Proposals

1. INTRODUCTION AND BACKGROUND

Medium Term Financial Strategy

- 1.1 At its meeting on 12 December 2018, Council agreed a Medium Term Financial Strategy (MTFS) for the next five years. The MTFS sets out in financial terms how the Strategic Plan will be delivered, given the resources available. A new Strategic Plan was adopted by Council on 12 December 2018 and the MTFS reflects this.
- 1.2 There is considerable uncertainty about the resources which will be available to deliver the Strategic Plan, for a number of reasons. Outcomes for the national economy could vary widely depending on how the UK's planned exit from the EU is managed. These wider economic factors will affect the level of public expenditure generally. The framework for local government expenditure in particular is anyway subject to uncertainty, with the four year local government funding settlement 2016/17 to 2019/20 coming to an end next year, and no definitive information about what subsequent arrangements will mean in practice for the Council.
- 1.3 Given these multiple layers of uncertainty, the financial projections underlying the MTFS were prepared under three different scenarios – adverse, neutral and favourable. All three scenarios assumed that budget proposals for future years which have already been agreed by Council will be delivered, and that Council Tax is increased by 3% in 2019/20. Existing budget savings proposals are shown in Appendices A and B and total £3.5 million over the MTFS period.
- 1.4 The outcomes for the Council's budget gap, before allowing for any further growth or savings, are set out below.

	19/20	20/21	21/22	22/23	23/24
	£m	£m	£m	£m	£m

Scenario 1 – Favourable					
Budget surplus	-0.8	-0.9	-1.6	-3.3	-4.8

Scenario 2 – Neutral					
Budget gap	0.1	1.1	1.7	1.5	1.7

Scenario 3 – Adverse					
Budget gap	0.7	2.4	3.9	4.7	6.1

- 1.5 It can be seen that next year's budget was close to being balanced in the neutral scenario, given the various assumptions underlying the projections. However, in 2020/21 the budget gap will be significant under both the

neutral and adverse scenarios. It is essential that the Council starts planning now for 2020/21.

Revenue Budget Savings Proposals

- 1.6 Budget proposals have been developed which seek to deliver the Council's strategic priorities and achieve a balanced budget, using the 'neutral' scenario as the basis for planning. The proposals now being submitted to Service Committees will deliver a balanced budget in 2019/20 and will achieve a substantial reduction in the projected budget gap in 2020/21.
- 1.7 It is recognised that delivering the strategic priorities will require budget growth. Growth proposals have been prepared in relation to the following strategic priorities.

Strategic Priority	Budget Proposal	Ongoing annual cost (£000)
Embracing Growth and Enabling Infrastructure	Additional staffing resource for infrastructure development	48
Safe, Clean and Green	Maintenance and inspection of trees	50
Safe, Clean and Green	Public Realm Phase 3 – increased cleansing	30
Homes and Communities / A Thriving Place	Additional staffing resource for development of digital applications	27

- 1.8 The approach taken in developing budget savings proposals has followed the principles set out in the MTFS, ie:

- *Revenue savings will be sought in:*
 - *Discretionary services which are not strategic priorities.*
 - *Statutory services which are not strategic priorities, where there is scope for reconfiguring services to reduce costs.*
 - *Improved efficiency in delivering strategic priorities.*
 - *New income generation and identification of external funding.*

These principles will be applied both to service expenditure and to corporate overheads.

- *Revenue growth will be built into the budget where strategic priorities cannot be delivered within existing revenue budgets, provided this can be accommodated by making savings elsewhere.*
- *Capital schemes will be reviewed and developed so that investment is focused on strategic priorities.*

- 1.9 The new revenue budget savings proposals for services within the remit of this Committee are set out in Appendix A and reflect the principles above.

Improved efficiency

- The implementation of Skype telephony has been successful in reducing call costs and the saving will be built into the budget from next year.

- Further general office facilities cost savings of £5,000 are projected from 2020/21.

New income generation

- The Business Terrace has proved very successful and additional rental income is projected with effect from 2020/21.
- We generate substantial property income; a recent review by Gen2 has identified ways we could generate further income with more active management of the portfolio.
- We expect to be able to generate additional income from sub-letting space at Maidstone House.
- The purchase of Lenworth House will also increase private residential income from the portfolio.
- Income projections for the Housing Development and Regeneration Investment Plan have been rolled forward to 2023/24.
- Mid Kent Services has been successful in generating additional income from Debt Recovery and Internal Audit and this is reflected in the projections.
- The Digital Team, for which growth is proposed at paragraph 1.7 above, will recover some of these costs through capitalisation and additional income.

Reconfiguring services

- A review of the Communications section is planned, with the intention of delivering a saving of £30,000 per annum from 2020/21.
- The Mid Kent ICT Service has now gone through substantial restructuring, with the result that the basis on which the member authorities are recharged, which was based on costs prior to the formation of the shared service, is no longer appropriate. Authorities will now be recharged based on actual usage of the service, which will yield a saving for Maidstone Borough Council.

Discretionary services

- Changes to the electoral register canvass regulations are expected which mean that we will no longer be obliged to carry out a full annual canvass. Assuming that these regulations come into force, we plan to take advantage of this and target canvassing effort in areas of high voter turnover.

An existing budget saving of £20,000 in relation to the Customer Services section, based at the Link, is considered no longer to be deliverable. This service has made substantial savings in recent years as more customers have started to transact digitally with the Council. We are carrying out a review to assess the scope for further savings, but given that the service is

currently operating at full capacity we are not committing to further savings at this stage.

Budget savings have been developed, following the same principles, for services within the remit of the other Service Committees. These savings are set out in Appendix B and are being considered in the January cycle at these Committees' meetings.

The net new revenue budget savings proposals total £1,087,000.

Capital Programme Proposals

The capital budget proposals for services within the remit of this Committee are set out in a separate report on this evening's agenda.

2. AVAILABLE OPTIONS

- 2.1 Agree the budget proposals relating to this Committee as set out in Appendices A and B for onward submission to the Policy and Resources Committee.
 - 2.2 Propose changes to the budget proposals for consideration by the Policy and Resources Committee.
 - 2.3 Make no comment on the budget proposals.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The Policy and Resources Committee must recommend to Council at its meeting on 13 February 2019 a balanced budget and a proposed level of Council Tax for the coming year. The budget proposals included in this report will allow the Policy and Resources Committee to do this. Accordingly, the preferred option is that this Committee agrees the budget proposals at Appendices A and B.
-

4. RISK

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

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Policy and Resources Committee received an initial report on the MTFS at its meeting on 27 June 2018 and it agreed the approach set out in that report to development of an MTFS for 2019/20 - 2023/24 and a budget for 2019/20.
- 5.2 Service Committees and Policy and Resources Committee then considered a draft MTFS at their meetings in November 2018, and this was agreed for submission to Council. The MTFS included descriptions of the different scenarios facing the Council and described how budget proposals would be sought for all scenarios, so that the Council might be suitably prepared for the adverse scenario, as defined. Council agreed the MTFS at its meeting on 12 December 2018.
- 5.3 Public consultation on the Council's budget priorities was carried out in parallel with consultation on the Strategic Plan. Details are set out in Appendix C. Note that the public were consulted on eight expenditure priorities, in line with the eight priorities included in the first draft of the Strategic Plan.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The timetable for developing the budget for 2019/20 is set out below.

Date	Meeting	Action
January 2019	All Service Committees	Consider 19/20 budget proposals
13 February 2019	Policy and Resources Committee	Agree 19/20 budget proposals for recommendation to Council
27 February 2019	Council	Approve 19/20 budget

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the	Section 151 Officer & Finance Team

	allocation of resources to all objectives of the strategic plan.	
Risk Management	This has been addressed in section 4 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The Medium Term Financial Strategy demonstrates the Council's commitment to fulfilling its duties under the Act. The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Team Leader (Corporate Governance), MKLS
Equalities	The overall approach to the MTFS is to direct resources into areas of need as identified in the Council's strategic priorities. The equalities impact of individual budget decisions will be determined when setting the budget.	Section 151 Officer & Finance Team

Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

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

- Appendix A: Budget Proposals 2019/20 – 2023/24 – Policy & Resources Committee
- Appendix B: Budget Proposals 2019/20 – 2023/24 – Other Committees
- Appendix C: Residents' Survey

9. BACKGROUND PAPERS

There are no background papers.

Budget Proposals 2019/20 - 2023/24

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Corporate Management	External audit contract	-10	0	0	0	0	-10
Customer Services Section	Reduce staff costs following shift from face to face to digital contacts.	-20	0	0	0	0	-20
Fraud Partnership	Fraud partnership	-10	0	0	0	0	-10
New commercial investments	Investments to promote economic development	-143	-143	-143	-143	0	-572
Regeneration & Economic Development	Offset staff costs with EZ income	-7	0	0	0	0	-7
Elections	Spread elections cost over 4 years	0	0	-28	0	0	-28
Total Existing Savings		-190	-143	-171	-143	0	-647

Table 1 - Savings agreed within current MTFS

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Corporate Telephones	Skype call costs and contract saving	-48	0	0	0	0	-48
Maidstone House	General facilities review	0	-5	0	0	0	-5
Economic Development	Business Terrace Phase 4	0	-20	0	0	0	-20
Asset management	Implement recommendations of Gen2 review	0	-25	-25	0	0	-50
Maidstone House	Rental income	-20	-20	0	0	0	-40
Maidstone Property Holdings	Lenworth House Income	-80	0	0	0	0	-80
Maidstone Property Holdings	Roll forward income projections to 2023/24	0	0	0	0	-200	-200
Debt recovery	Increased income generation	0	-25	0	0	0	-25
Internal Audit	Income generation / cost saving	0	-20	0	0	0	-20
Digital Team	Cost recovery - capitalisation and income	-25	0	0	0	0	-25
Communications	Review of communications	0	-30	0	0	0	-30
ICT	Revised apportionment of shared service costs	-106	0	0	0	0	-106
Elections	Change in legislation for annual canvas 2020	0	-25	0	0	0	-25
Customer Services Section	Remove undeliverable saving	20	0	0	0	0	20
Total adjustments and new savings		-259	-170	-25	0	-200	-654

Table 2 - Adjustments to existing savings and new proposals

TOTAL SAVINGS (£000)	-449	-313	-196	-143	-200	-1,301
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Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Transformation & Digital	Permanent Funding for Digital Officer	27	0	0	0	0	27
Total Budget Growth		27	0	0	0	0	27

Table 3 - Proposed growth in budgets

OVERALL CHANGE IN BUDGET (£000)	-422	-313	-196	-143	-200	-1,274
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Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Revenue Budget Proposals 2019/20 - 2023/24

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Recycling Collection	Reduce publicity and increase garden waste income generation	-44	-22	0	0	0	-66
Homeless Temporary Accommodation	New temporary accommodation strategy	-100	0	0	0	0	-100
C C T V	Commissioning review	-75	-25	0	0	0	-100
Environmental Enforcement	Commissioning review of enforcement	-125	0	0	0	0	-125
Voluntary Sector Grants	Phase out direct grants over MTFS period	-11	-11	-11	0	0	-33
Total Existing Savings		-355	-58	-11	0	0	-424

Table 1 - Savings agreed within current MTFS

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Recycling Collection	Bring forward increase in charge	-22	22	0	0	0	0
C C T V	Cease monitoring of cameras	75	-155	0	0	0	-80
Environmental enforcement	Reverse undeliverable saving	125	0	0	0	0	125
Depot/Grounds Maintenance	Commercial Income Growth	0	-50	0	0	0	-50
Community Services	Review of Community Partnerships & Resilience	0	-50	0	0	0	-50
HMO Licensing	Increase income budget	-6	0	0	0	0	-6
Gypsy & Caravan Sites	Transfer of sites to KCC	0	0	-25	0	0	-25
Air Quality	Savings on lease of air quality monitoring stations	-2	0	0	0	0	-2
Environmental enforcement	Reversal of one-off growth items	-20	0	0	0	0	-20
Total adjustments and new savings		150	-233	-25	0	0	-108

Table 2 - Adjustments to existing savings and new proposals

TOTAL SAVINGS (£000)	-205	-291	-36	0	0	-532
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Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Street Cleansing	Public Realm Phase 3 - increased highway cleansing costs	30	0	0	0	0	30
Total Budget Growth		30	0	0	0	0	30

Table 3 - Proposed growth in budgets

OVERALL CHANGE IN BUDGET (£000)	-175	-291	-36	0	0	-502
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Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Budget Proposals 2019/20 - 2023/24

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Museum	Review operating and governance model	-50	0	0	0	0	-50
Museum	Potential Saving on NNDR at the museum	-119	0	0	0	0	-119
Festivals & Events	Cease direct delivery of festivals and events	-10	-10	0	0	0	-20
Festivals & Events	Withdrawal of Christmas lights provision	-30	0	0	0	0	-30
Parks & Open Spaces	New operational model - Parks and Open Spaces 10 Year Plan	-50	0	0	0	0	-50
Mote Park Adventure Zone	Mote Park Adventure Zone	-57	0	0	0	0	-57
Mote Park Centre	Income from new Café	0	-40	0	0	0	-40
Total Existing Savings		-316	-50	0	0	0	-366

Table 1 - Savings agreed within current MTFS

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Museum	Reprofile NNDR saving	119	-119	0	0	0	0
Bereavement Services	Increase income target	-20	0	0	0	0	20
Bereavement Services	Income from investment in chapel	0	-15	-15	0	0	30
Total adjustments and new savings		99	-134	-15	0	0	50

Table 2 - Adjustments to existing savings and new proposals

TOTAL SAVINGS (£000)	-217	-184	-15	0	0	-316
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Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Parks & Open Spaces	Maintenance & inspection of new trees	50	0	0	0	0	50
Total Budget Growth		50	0	0	0	0	50

Table 3 - Proposed growth in budgets

OVERALL CHANGE IN BUDGET (£000)	-167	-184	-15	0	0	-266
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Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Revenue Budget Proposals 2019/20 - 2023/24

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Development Control Appeals	Reduction following adoption of local plan	0	-40	0	0	0	-40
Pay & Display Car Parks	5% increase in income (Fees & Charges)	0	-100	0	0	0	-100
Park & Ride	Re-specify service and deliver at reduced cost	-75	0	0	0	0	-75
Grants to outside bodies	Remove grants as part of voluntary sector grants reduction strategy	-16	-16	-15	0	0	-47
Parking Services	Increase Pay & Display income budget (Fees & Charges)	-50	-50	-50	-50	0	-200
Planning Policy	Offset staff costs with CIL	-5	-15	-15	-15	0	-50
Total Existing Savings		-146	-221	-80	-65	0	-512

Table 1 - Savings agreed within current MTFS

Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Planning	Adoption of commercial business practices	0	-30	-15	-15	0	-60
Planning	Income generation from PPAs and Pre-application fees	-30	-15	0	0	0	-45
Building Control	Increase income budget	-5	-15	0	0	0	-20
Parking	Parking services - take Park & Ride linked increase into budget	-130	0	0	0	0	-130
Street Naming & Numbering	Increase income budget	-20	0	0	0	0	-20
Total adjustments and new savings		-185	-60	-15	-15	0	-275

Table 2 - Adjustments to existing savings and new proposals

TOTAL SAVINGS (£000)	-331	-281	-95	-80	0	-787
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Service	Proposal	19/20	20/21	21/22	22/23	23/24	Total
		£000					
Infrastructure Officer	Fund new post to coordinate infrastructure requirements	24	24	0	0	0	48
TOTAL GROWTH (£000)		24	24	0	0	0	48

Table 3 - Proposed growth in budgets

OVERALL CHANGE IN BUDGET (£000)	-307	-257	-95	-80	0	-739
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Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Budget Survey Report 2018

Methodology

The survey was open between 24th September and 4th November 2018. It was promoted online through the Council's website and our social media channels. Residents who have signed up for consultation reminders were notified and sent an invitation to participate in the consultation. An incentive of entering a prize draw for £50 of shopping vouchers was offered to encourage responses.

A total of 870 people responded to the survey. The results in this report have been weighted by age and gender based on the population in the ONS mid-year population estimates 2017. Based on Maidstone's population aged 18 years and over this means overall results are accurate to 3.3% at the 95% confidence level.

However, the under-representation of 18 to 34 year olds means that high weights have been applied to responses in this group, therefore results for this group should be treated with caution. It should also be noted that respondents from BME backgrounds are slightly under-represented at 4.9% compared 5.9%¹ in the local area.

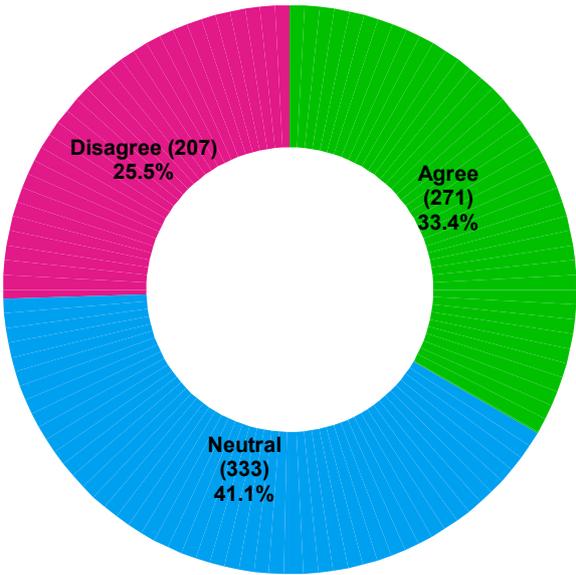
Please note not every respondent answered every question, therefore the total number of respondents refers to the number of respondents for the question being discussed not to the survey overall.

Summary Findings

- There has been a 3.2% increase in the proportion of responding positively when asked if they agree or disagree if the Council provides Value for Money.
- The top three priorities are:
 - Well connected safe and empowered communities
 - Better transport systems
 - Great environmental quality
- For mandatory services respondents would like more spent on Community Safety and less on Democratic and Electoral Services.
- For discretionary services respondents would like more spent on Parks and Open Spaces and less on Members' facilities.
- The majority of respondents said Environmental Services was most important to them.
- As with the 2017 Resident Survey the preferred approach to balancing the budget is to provide fewer discretionary services.

¹ 2011 Census

Value for Money



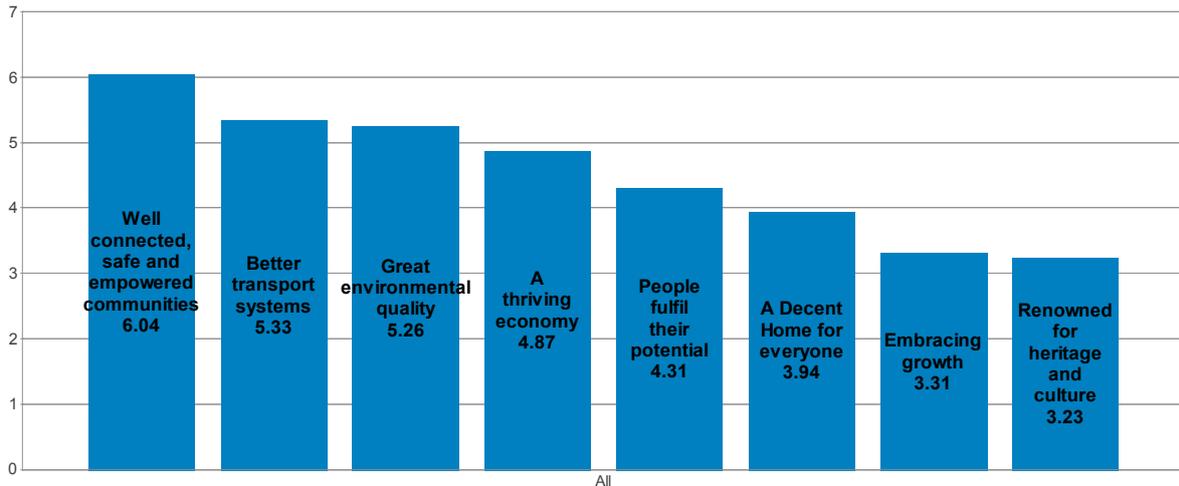
Respondents were asked to what extent they agree or disagree that Maidstone Borough Council provides value for money. The questionnaire contained a pie chart illustrating what proportion of Council tax is received by each agency.

The most common response was neither agree nor disagree.

The data shows that respondents aged 65 years had lower proportions responding dissatisfied than the other age groups with 18.8% responding this way.

We previous asked residents this question in the 2017 resident survey and 30.2% of respondents agreed. This year’s result shows an improvement on the 2017 figure of 3.2%. This is positive as this increase is a result of fewer people responding disagree (the proportions responding with no strong opinion either way has only changed by 0.1%).

Which of the following priorities are most important to you?

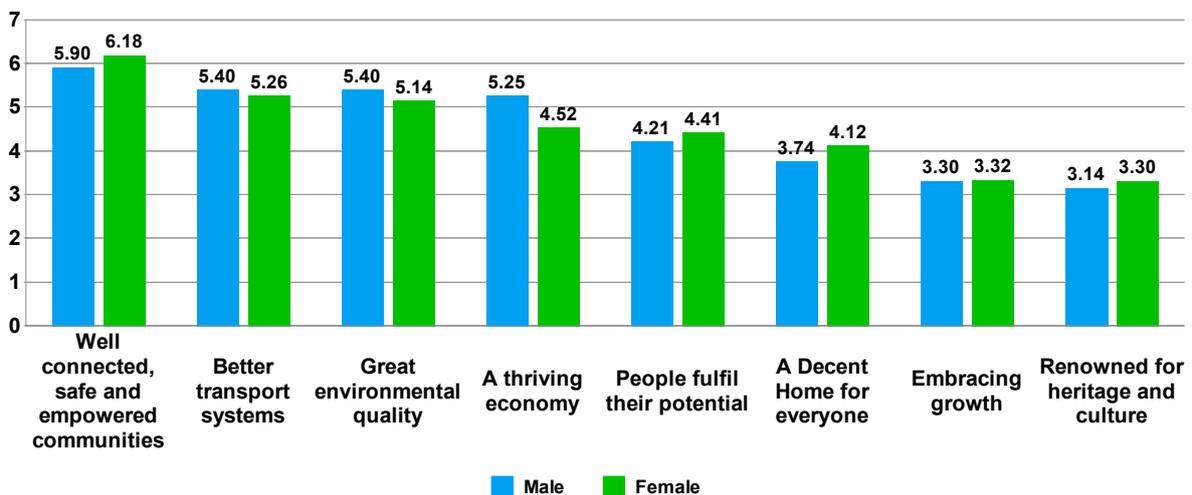


Respondents were asked to put the list of priorities in order of preference. In order to assess this data a weighted average has been used with the priorities placed as first receiving eight points and the priority ranked last given 1 point. These are then added together and divided by the number of respondents to give a weighted average.

Overall, just over half of all responders placed ‘Well connected, safe and empowered communities’ as being the most important or second most important priority and 44% placed ‘Renowned for heritage and culture’ as either seventh or eighth.

The charts below show the difference in response levels for this question between demographic groups.

Priority by gender



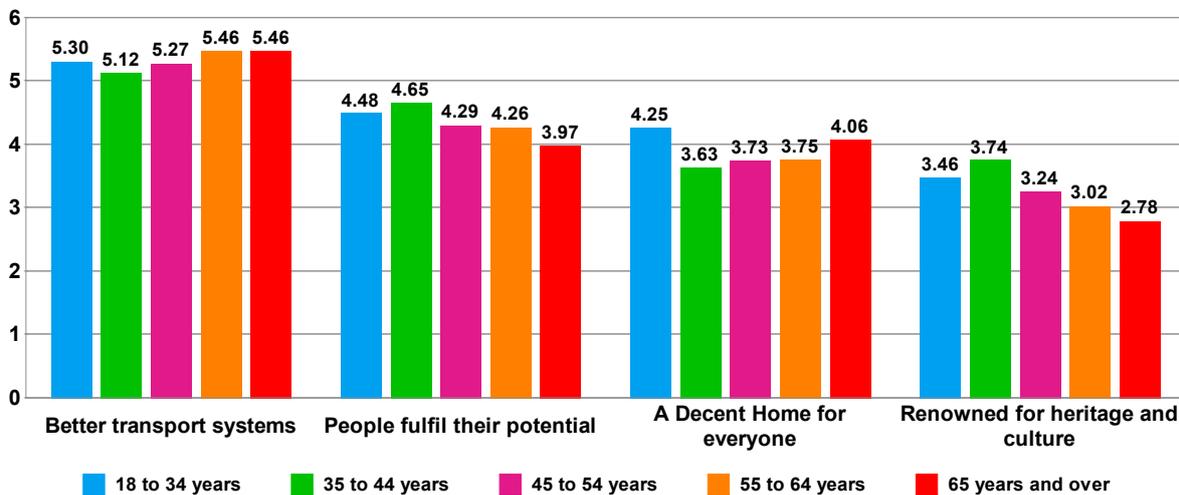
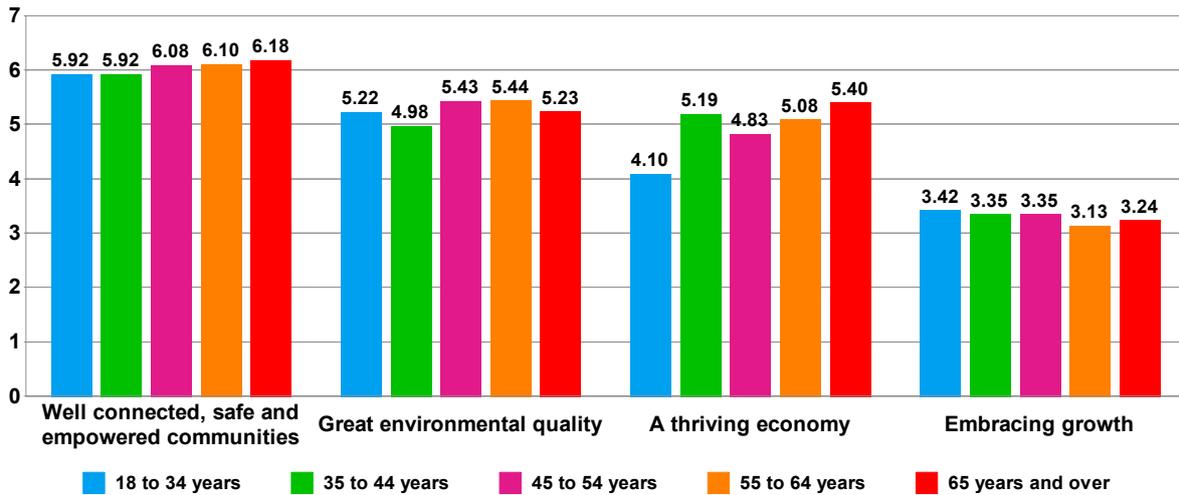
The chart above shows that the profile of responses is broadly the same for both men and women with the priorities ranked in the same order for both sexes. There are some slight differences between the two groups: men were more likely than women to rank a thriving economy higher with 49% selecting this as one of their top three priorities compared to 35.3% of female respondents.

Priority by Age

The charts below show priority ranking by age group.

The priority of ‘Well connected, safe and empowered communities’ was the highest ranked priority for all age groups. In addition ‘Better transport systems’ appeared in each group’s top three priorities and ‘Great Environmental Quality’ appears in each group’s top four.

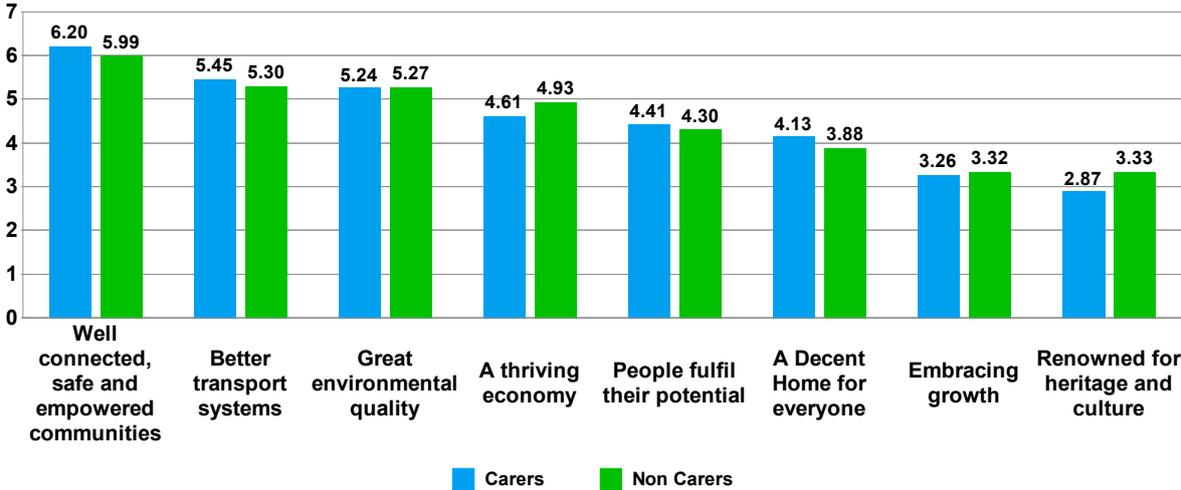
Heritage was ranked bottom by the age groups aged 45 years and over, but was rated sixth by the 35 to 44 years groups.



Priority by Carer Responsibility

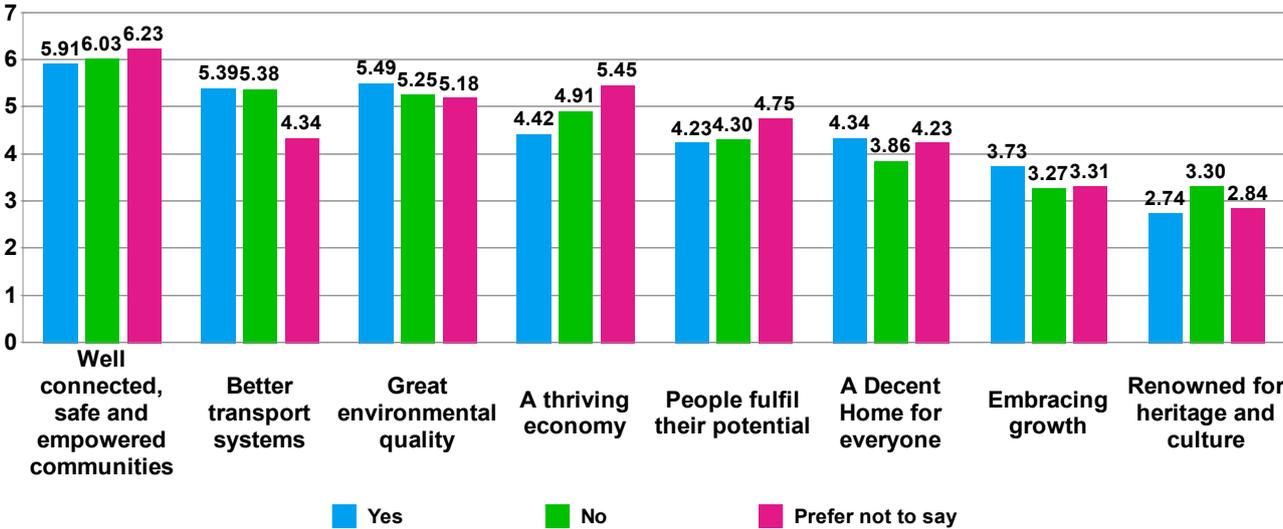
Although the profile of the ranking of priorities is in line with the overall result the data shows respondents with caring responsibilities tended to give a higher ratings to ‘Well connected, safe and empowered communities’ and ‘A Decent Home for Everyone’ than those who do not have any caring responsibilities.

APPENDIX C



Priority by Disability

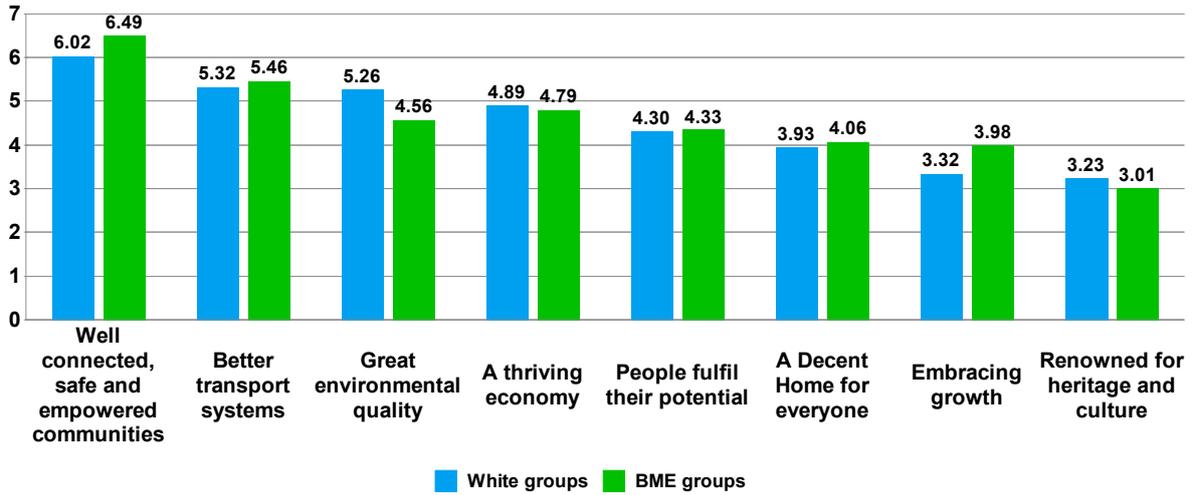
The priorities at the top and bottom of the scale remain the same for respondents with a disability. The data shows that respondents with a disability gave ‘Great Environmental Quality’ and ‘A Decent Home for Everyone’ a higher rating than respondents without a disability.



Priority by Ethnicity

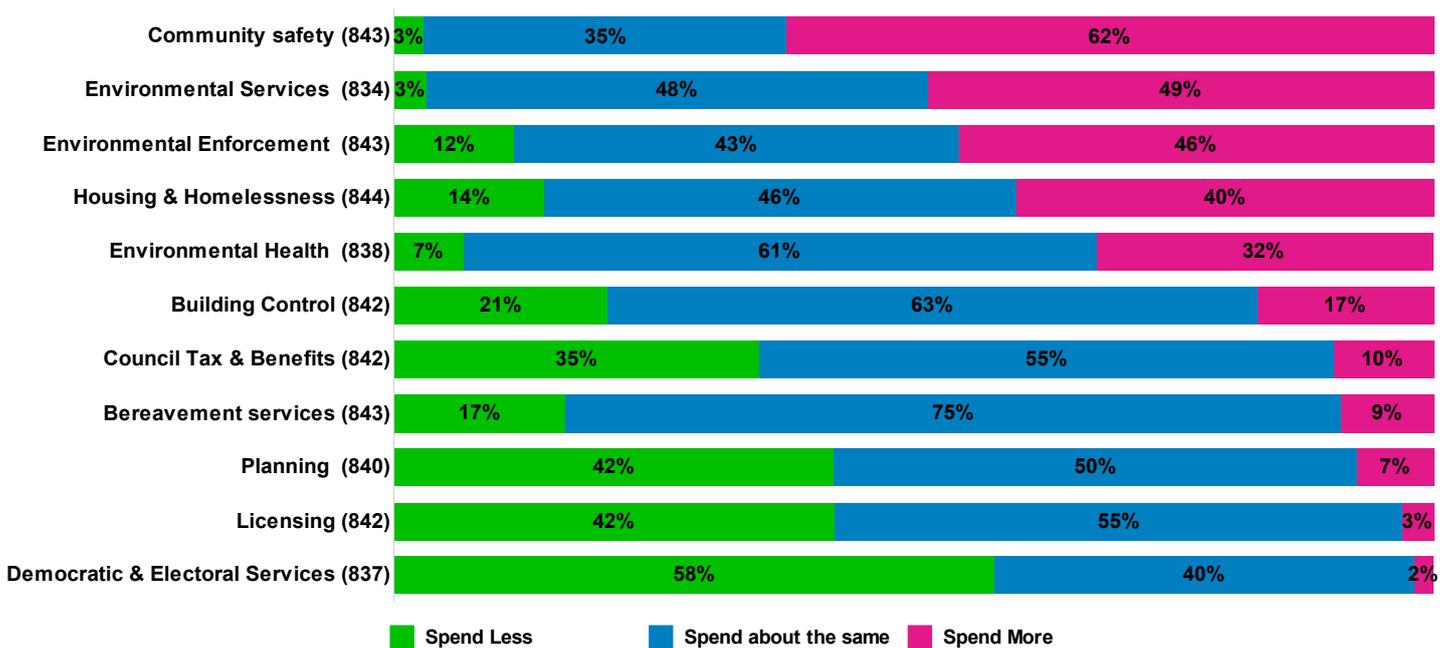
As with disability and carers there is no change in the priorities that are first and last between respondents from white groups and respondents from BME groups.

Respondents from White groups rated ‘Great environmental quality’ higher than those from BME groups and respondents from BME groups rated ‘Embracing growth’ higher than respondents from White groups. However the results for BME groups should be treated with caution owing to the small sample.



Spending – Mandatory Services

Respondents were given a list of mandatory services that the Council is required to provide and were asked if they thought there should be more or less or the same level of spending for that service going forward. The total number of respondents to each question is show in bracket next to the service name.



The top three services where respondents said the Council should spend less were Democratic & Electoral Services, Licensing and Planning.

For Democratic and Electoral Services respondents from White groups had a significantly greater proportion saying that the Council should ‘Spend less’ in this area than respondents from BME groups, with 58.9% responding this way compared to 28.3% of BME groups. Respondents that have carer responsibilities were slightly more likely than those without carer responsibilities to say more should be spent in this area with 4.4% answering this way compared to 1.1% of non-carers.

APPENDIX C

For Licensing, as with Democratic & Electoral Services, there is a difference in response levels between those from BME groups and those from White groups, with 43.3% of White groups saying 'Spend Less' and 26.1% of those from BME answering in the same way.

In relation to planning the data indicates Male respondents had a greater proportion saying 'Spend more' and Female respondents had a greater proportion responding 'Spend less' than their counterparts, however the greatest proportional response for both groups was 'Spend about the same'.

Bereavement Services, Building Control and Environmental Health had the greatest proportion of respondents saying that the Council should spend about the same.

Across all the different demographic groups the majority of respondents in each responded 'Spend about the same'. The data does show some variation; Women were more likely than men to respond 'Spend more' with 12.7% of women responding this way compared to 5.0% of men. The same is true for Carers versus Non-Carers with 13.1% of Carers saying the Council should spend more in this area compared to 7.8% of Non-carers.

There were no significant variations in the response levels across the demographic groups for Building Control, with the majority of each demographic group responding 'Spend about the same'. Respondents aged 65 years and over had the greatest proportion responding 'Spend more' with 23.4% answering this way and respondents with a disability had the greatest proportion responding 'Spend less' at 27.0%.

For Environmental Health, across all demographic groups, the majority of respondents answered 'Spend about the same'. The data indicates some differences between the age groups with the 35 to 44 years group having a greatest proportion responding 'Spend less' compared to respondents age 55 years and over with 10.5% answering this way.

Community Safety, Environmental Services and Environmental enforcement had the greatest proportions of respondents answering 'Spend more'.

Community Safety had the greatest proportion of respondents saying the Council should 'Spend more' in this area, with the majority of each demographic group responding this way. Female respondents had the greatest proportion saying that the Council should 'Spend more' in this area at 65.0% and male respondents had the greatest proportion responding 'Spend less' at 4.8%. The data also indicates that the difference in proportions of Carers and Non-carers responding 'Spend less' is significant, with response levels of 0.4% and 3.6% respectively. Although the sample of respondents from BME groups was too small to make any valid comparisons there were no respondents in this group that said the Council should 'Spend less' in this area.

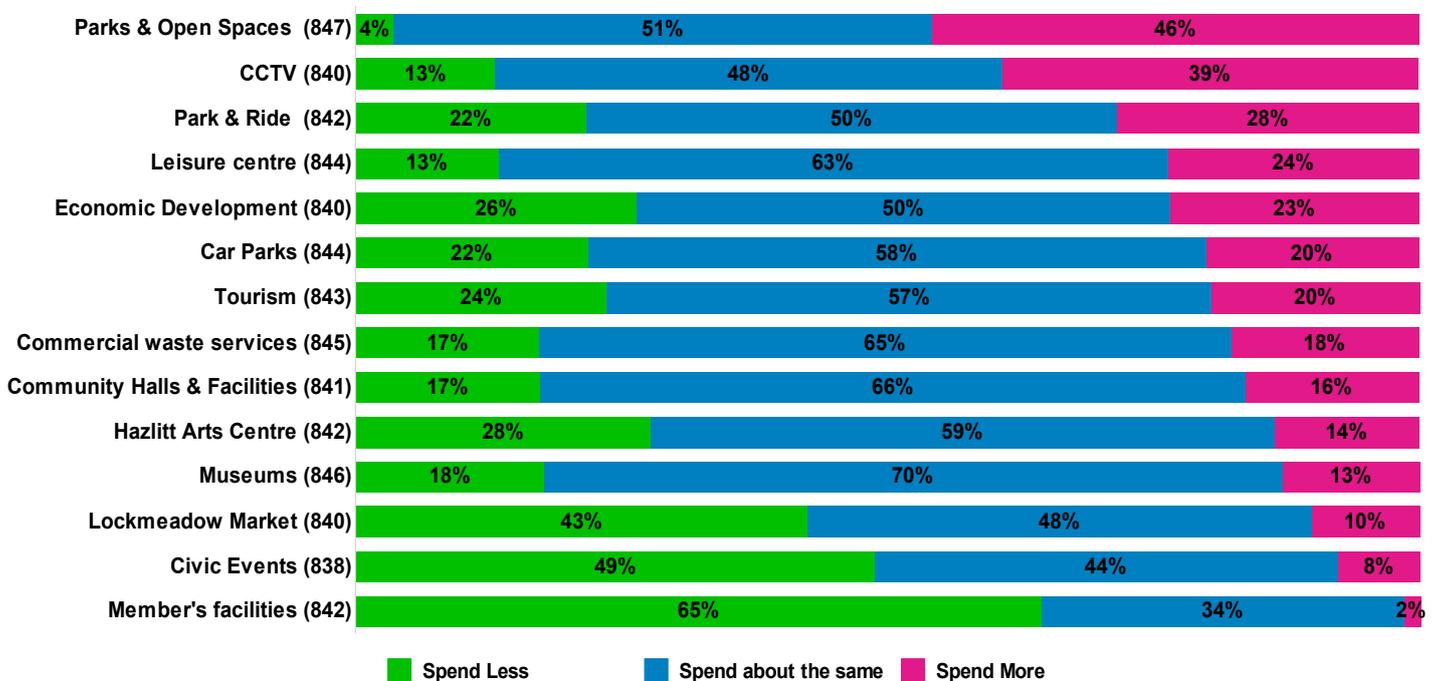
While Environmental Services had the second greatest proportion responding 'Spend more', the response to this question was fairly evenly split between 'Spend more' with 48.6% and 'Spend about the same' with 48.3%. Across all demographic groups the 35 to 44 years age group had the greatest proportion responding 'Spend more' at 56.0% and the 45 to 54 years had the greatest proportion responding 'Spend less' at 5.0%. As with Community Safety although the sample of respondents from BME groups was too small to make any valid comparisons there were no respondents in this group that said the Council should 'Spend less' in this area.

APPENDIX C

For Environmental Enforcement the data shows that there is a significant difference in response levels between men and women with a greater proportion of women responding 'Spend less' at 14.3% compare to 8.7%. The difference between those responding 'Spend less' aged 35 to 44 years and those responding this way aged 65 years and over is significantly different with the younger group having a greater proportion that responded 'Spend less' than those aged 65 years and over at 16.3% compared to 5.8%, however almost identical proportions of these groups say 'Spend more' at 50.0% and 49.9% respectively. .

Spending – Discretionary Services

Respondents were presented with a list of discretionary services that the Council are not required to provide, but are currently being provided by the Council and were asked if they thought there should be more or less or the same level of spending for that service going forward. The total number of respondents to each question is show in bracket next to the service name.



The top three services where respondents said the Council should spend less were Members' Facilities, Civic Events and Lockmeadow Market.

More than six out ten respondents said there should be less spending on Members' facilities, the majority of respondents across all demographic groups responded this way. The 55 to 64 years group had the greatest proportion responding 'Spend less' at 78.0%. There were no respondents aged 65 years and over or with a disability that said the Council should 'Spend more' in this area.

Just under half of all respondents said that the Council should 'Spend less' on Civic Events, across the demographic groups there were three where the majority of respondents said 'Spend less' there were; Carers (57.3%), 55 to 64 years (63.4%) and 65 years and over (60.9%). Respondents from BME groups had the greatest proportion responding 'Spend about the same' at 68.8% and respondents age 18 to 34 years had the greatest proportion responding 'Spend more' at 12.9% however due to invalid sample sizes the significance of these differences are untested.

APPENDIX C

Just over four in ten respondents said that the Council should 'Spend less' on Lockmeadow Market. The 55 to 64 years groups had the greatest proportion responding this way at 50.0%. The data shows that the difference between response levels for men and women is significant. The data show that men may value or use the market less than women with 48.7% saying spending should be reduced compared to 36.5% of women.

Museums, Community Halls & Facilities and Commercial waste services had the greatest proportions responding that the Council should 'Spend about the same'.

Seven out ten respondents said funding for the Museum should remain about the same, the majority of people responded this way across all the demographic groups. Respondents with a disability had the greatest proportion stating that the Council should 'Spend less' on Museums at 27.4% and the data indicates the difference answering this way between respondents with a disability and those without is significant. This suggests that museums are a lower priority for this group.

Overall, 66% of respondents said that funding should remain about the same. The majority of respondents across demographic groups said that the Council should 'Spend about the same' on Community Halls and Facilities. The data shows that the difference between response levels for men and women is significant. The data show that men may value or use Community Halls and Facilities less than women with 20.4% saying spending should be reduced compared to 14.6% of women. Community Halls often host various community activities such as exercise classes, crèches, hobby and support groups; some of these activities are more frequently attended by women. It also shows the difference in proportions of Carers and Non-carer responding 'Spend more' is significant with Carers having a greater proportion answering this way at 23.0% compared to 14.3% for Non-careers.

Overall, 65% of respondents said that funding should remain about the same for Commercial Waste services. The majority of respondents across all demographic groups responded this way. Female respondents had the greatest proportion responding 'Spend about the same' across all the demographic groups and Males responders had the greatest proportion responding 'Spend less' at 22.6%. The data indicates that the difference in proportions responding 'Spend less' between men and women is significant - 12.3% of female respondents answered this way.

Parks & Open Spaces, CCTV and Park & Ride had the greatest proportions of respondent saying that funding should be increased.

Overall, 46% of respondents said that the Council should 'Spend more' on Parks & Open Spaces. Respondents aged 35 to 44 years had the greatest proportion saying that funding in this area should be increased at 58.7% and respondents with a disability had the greatest proportion saying that spending in this area should be reduced at 8.9%.

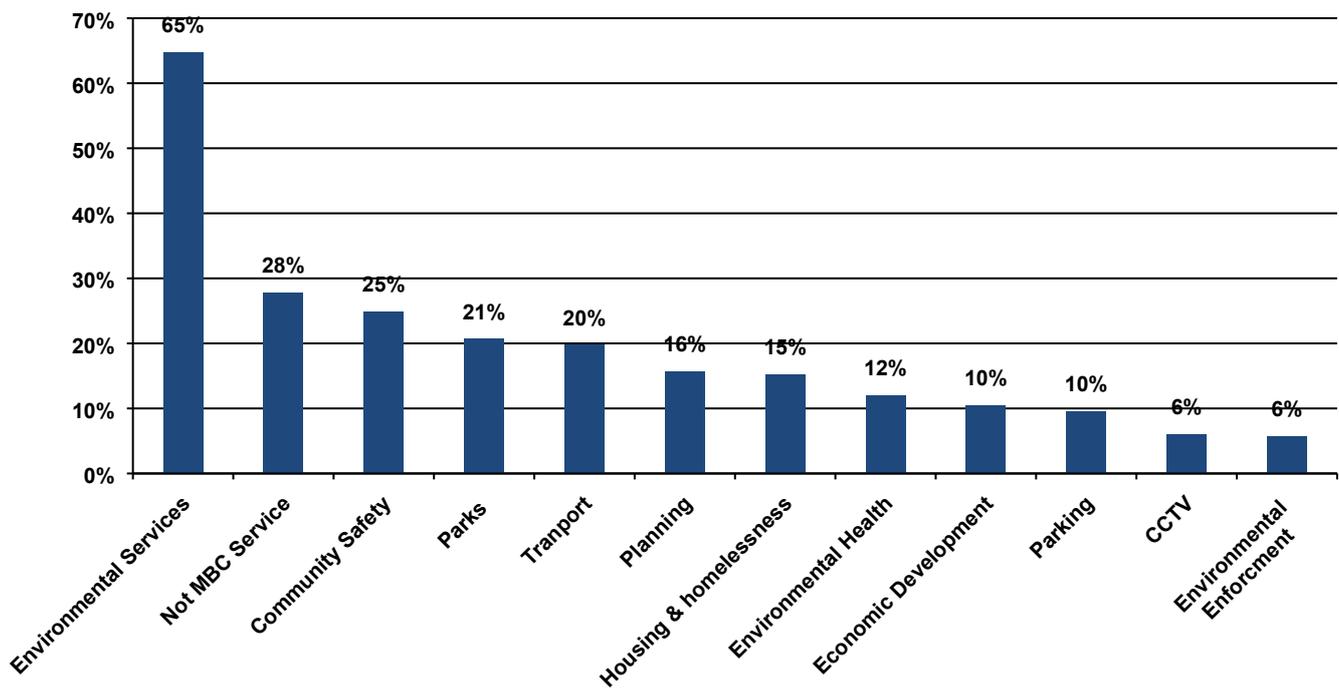
CCTV had the second greatest proportion of respondents that said 'Spend more' with just under four in ten people responding this way. Testing on the response to this service from men and women shows the differences between these groups are significant suggesting each group may have different motivations for their views. Women had a greater proportion than men responding 'Spend more' at 44.4% compared to 33.5% and male respondents had a greater proportion responding 'Spend less' at 16.9% compared to 9.6% for female respondents. Community Safety was the top mandatory services in terms of increasing spending for mandatory services, both of these services having high rates of people saying to increase spending may indicate that people do not feel safe.

APPENDIX C

Overall, 28% of respondent said that the Council should 'Spend more' on Park & Ride. Recent changes to the service introduced 'pay to park' which meant that people with Older person's Bus passes could no longer use them on this service. It is this group, the 65 years and over, that have the greatest proportion responding 'Spend more' at 42.6%. The data suggests an age trend with the proportion of people responding 'Spend more' increasing with age. The majority of women said funding should remain the same whereas there was no majority response from male respondents.

Important Services

All survey respondents were given a free text box and asked to state which three services are most important to them. The services which received 50 or more mentions are shown in the chart below.



Environmental services was the most frequently mentioned with 65% of respondent stating this is one of their top three most important services.

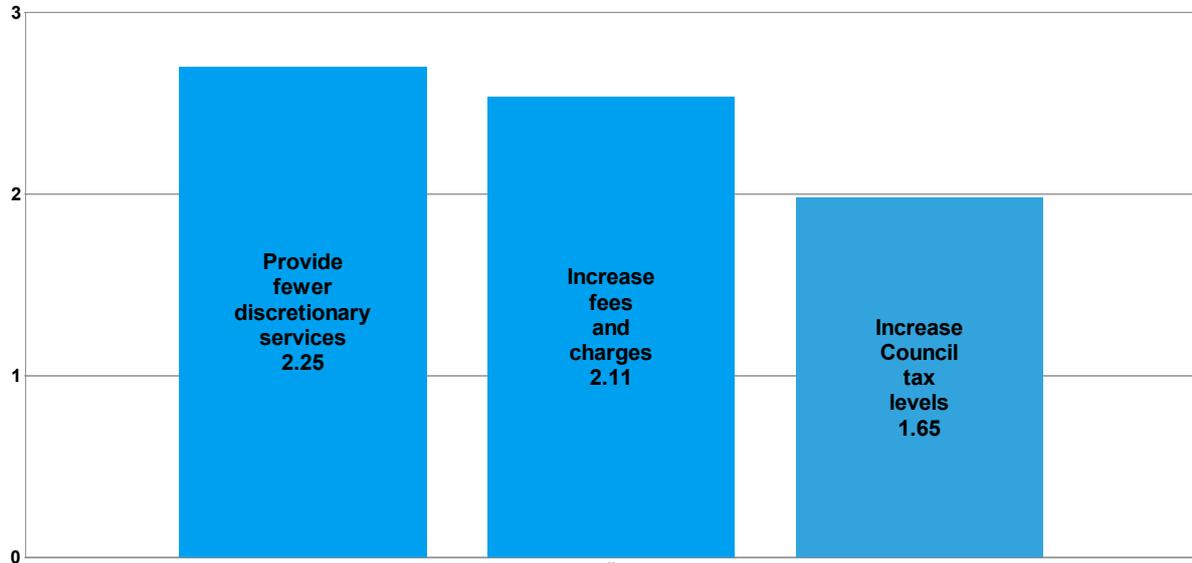
More than a quarter of respondents mentioned a service that is not provided by Maidstone Borough Council, the most common being road maintenance, but there were also people who mentioned the police, health services and adult and children's social services. As these are not MBC services, it suggests there is still some confusion amongst residents about which organisation is responsible for delivering what.

A quarter of respondents mentioned Community Safety and a further 6% mentioned CCTV. Considering responses to other areas of the survey it is clear that Community Safety is a service that residents believe is a high priority on which the Council should spend more.

The top three mandatory services and the top three discretionary services where survey respondents said the Council should 'Spend more' all appear in the services that got 50 or more mentions.

Approaches to balancing the Council’s budget

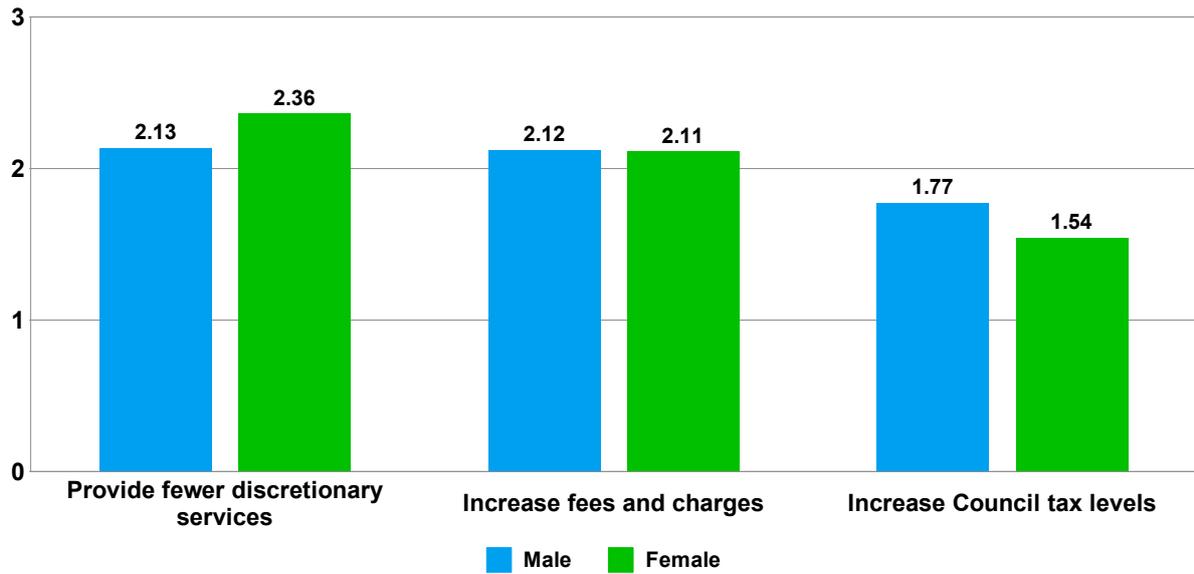
Respondents were asked to put the approaches to balancing the budget in order of preference. In order to assess this data a weighted average has been used with the approach placed as first receiving three points and the approach ranked last is given one point. These are then added together and divided by the number of respondents to give a weighted average.



Overall, ‘Providing fewer discretionary services’ was the most preferred option and ‘Increase Council tax levels’ was the least preferred option. The charts below show the differences between different demographic groups.

A similar question was asked in the 2017 Resident Survey in which respondents were asked to select which out of four options was their preferred approach to balancing the Council’s budget. The result of this were that 61.0% of respondents said that MBC should prioritise stopping delivery of non-essential services in order to balance the budget, 19% said that we should increase fee and charges for services to balance the budget and 16.4% said we should increase council tax (there was a fourth option to provide services less frequently or to a lower standard which 3% of respondents selected).

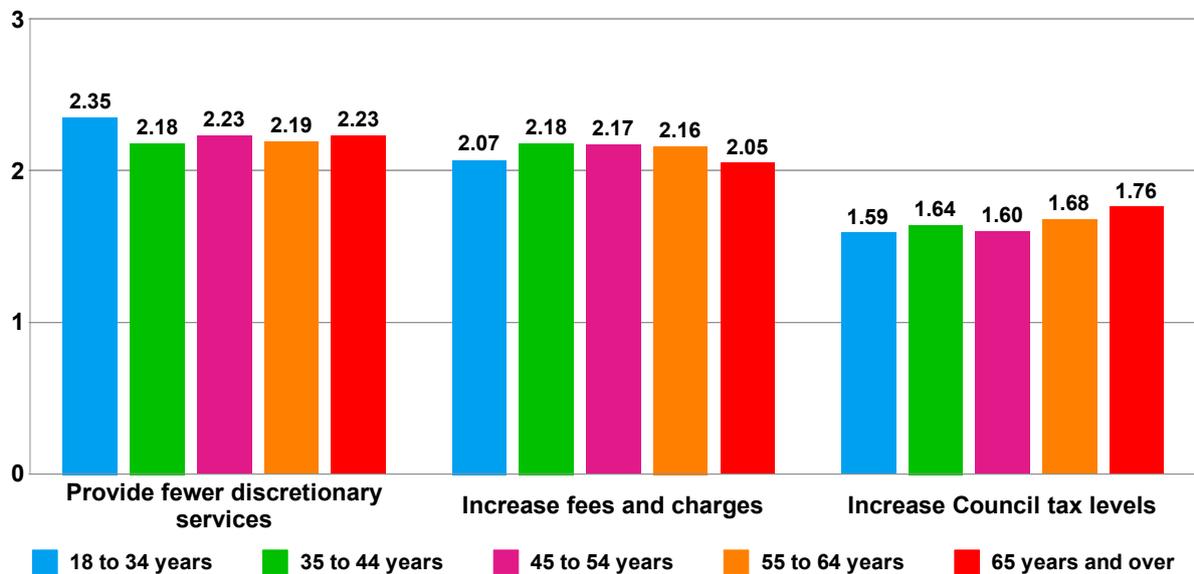
Priority by Gender



The response profile for men and women matches the overall result in terms of priority order. The data shows there is very little difference in the rating between genders to ‘providing fewer discretionary services’ and ‘increase fees and charges’. It also shows more women rated ‘provide fewer discretionary services’ higher than men with 57% of women ranking this approach as first compared to 45% of men. Just over a quarter of male respondents ranked ‘Increase Council Tax levels’ as their preferred approach compared to 16% of women respondents.

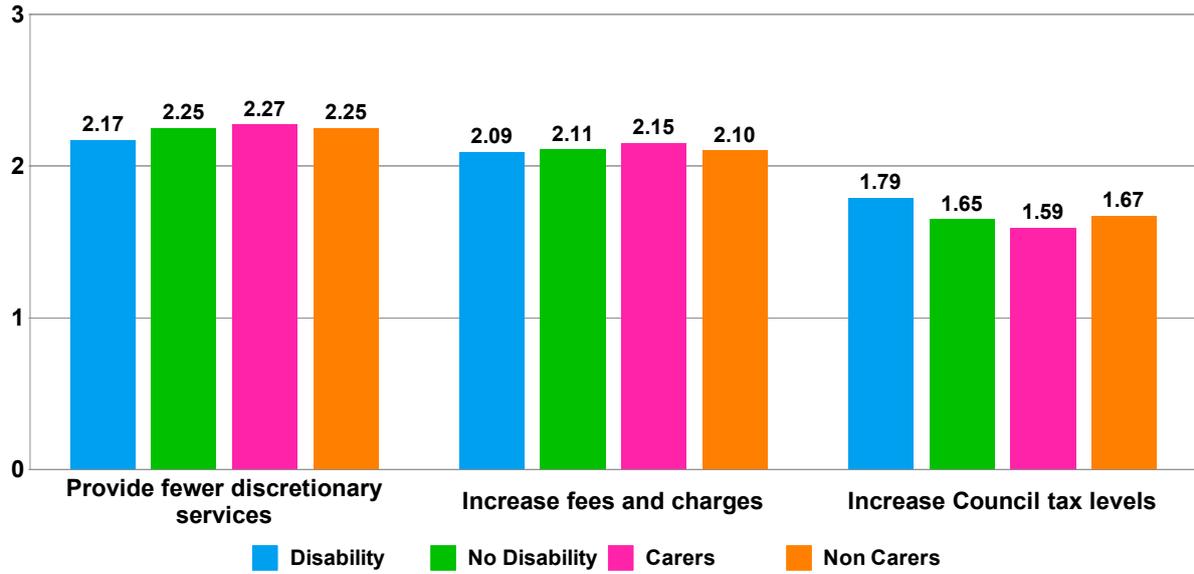
Priority by age

Again across the age groups the order of ranking has not changed from the overall results, in terms of preferred approach.



The data shows that the 35 to 44 years ranking was split between ‘Provide fewer discretionary services’ and ‘Increase fees and charges’ however it should be noted that the there was a greater proportion of this groups that put ‘Provide fewer discretionary service’ as first (51%) than put ‘Increase fees and charges’ first (30.4%).

Priority by Disability & Carer Responsibility



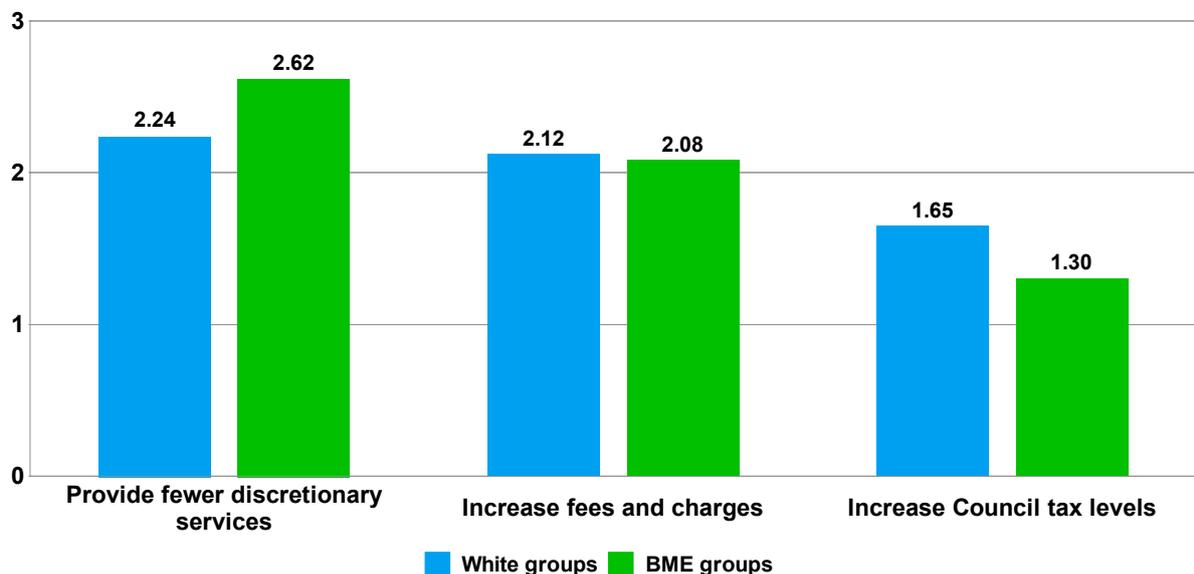
For both respondents with and without a disability and those with and without carer responsibilities the order of ranking has not changed from the overall results, in terms of preferred approach.

Respondents with a disability had a lower proportion ranking ‘Provide fewer discretionary service’ as first, with 44% responding this way compared to 51% of respondents without a disability. Those with a disability also had a greater proportion than those without a disability ranking ‘Increase council tax levels’ with 27% putting this approach first compared to 21% for respondents without a disability.

Respondents that are Carers had a greater proportion ranking ‘Increase Council tax levels’ and the least preferred option compared to those without caring responsibilities with 61% answering this way compared to 55% non-carers.

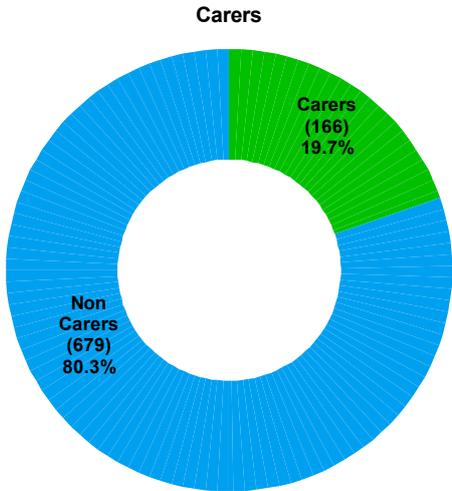
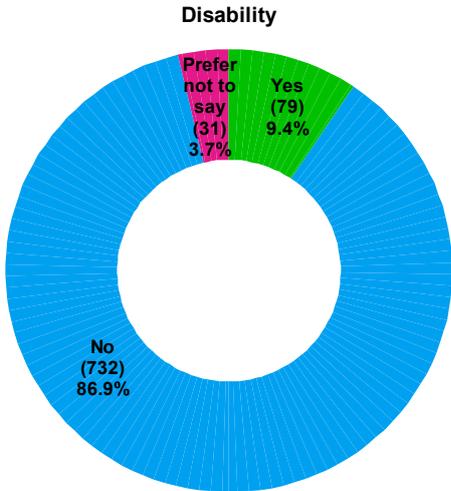
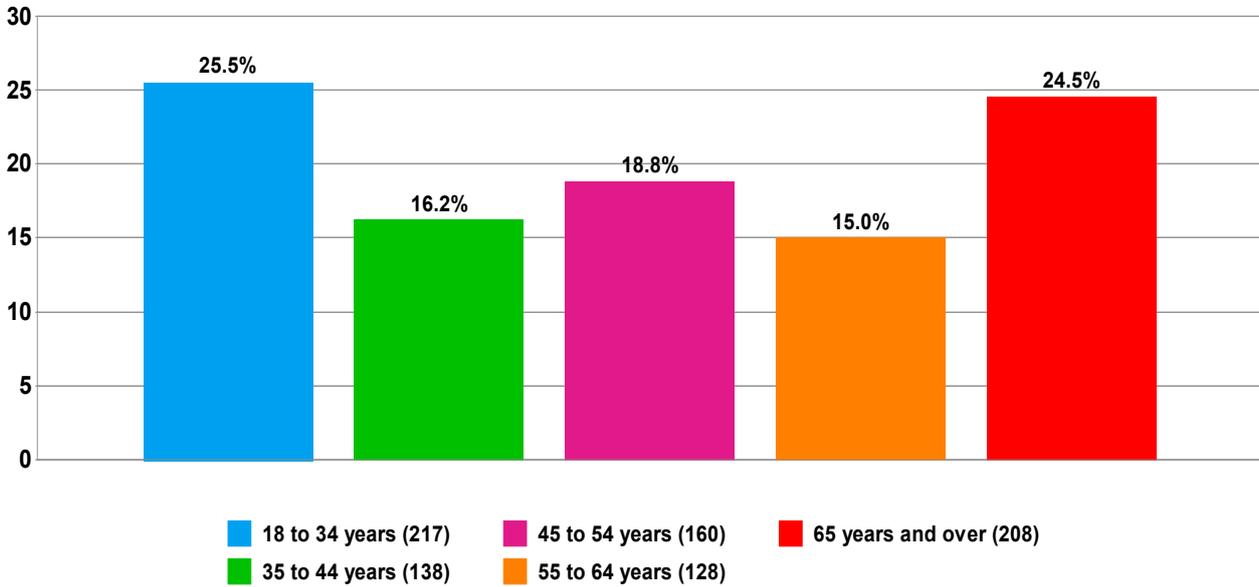
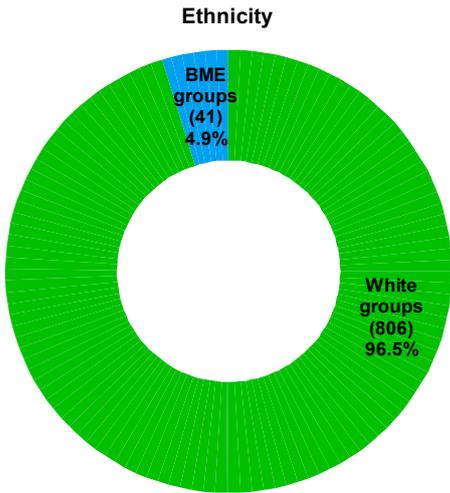
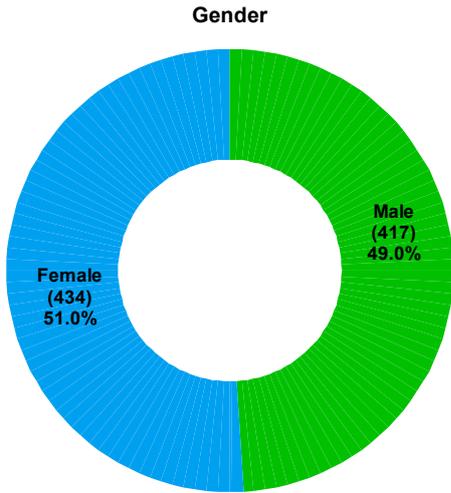
Ethnicity

Again the order of the approaches between these two groups is the same as the overall result. Although the data suggests differences between the way these two groups have responded the sample size for BME respondents is too small to make valid comparisons.



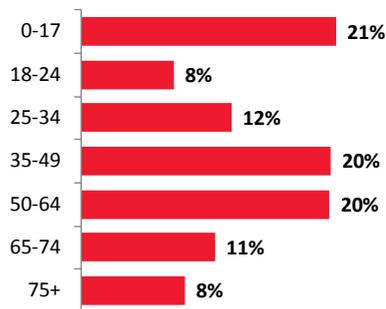
APPENDIX C

Survey Demographics (weighted by gender and age).

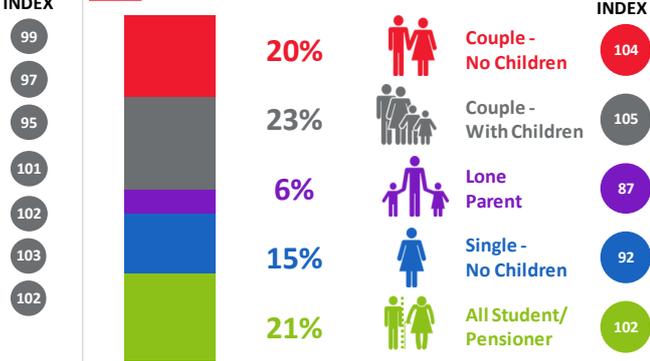


Acorn Respondent Profile

AGE



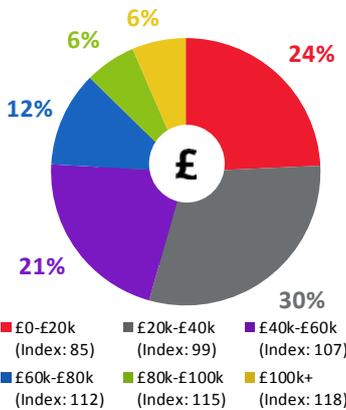
FAMILY



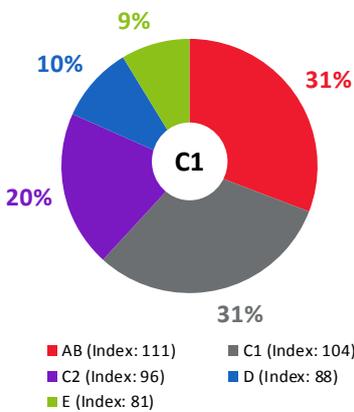
KEY INSIGHTS

- The average age of the population in the profiled households is slightly older when compared to the base.
- Households containing couples with children occur more in this profile than in the base.
- 6.5% of the profile live in households with an income of over £100k.
- The dominant Social Grade is C1 and the most over-represented is AB.
- There is a higher proportion of people in this profile who are self employed than in the base.

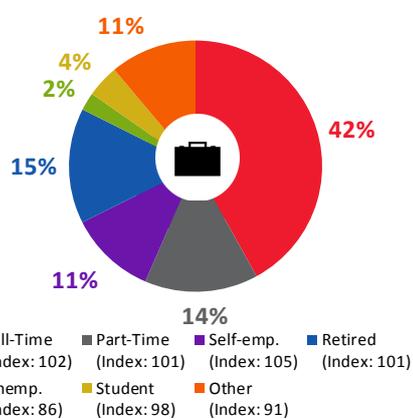
INCOME



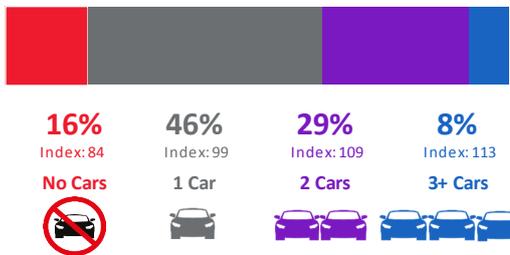
SOCIAL GRADE



EMPLOYMENT



CARS



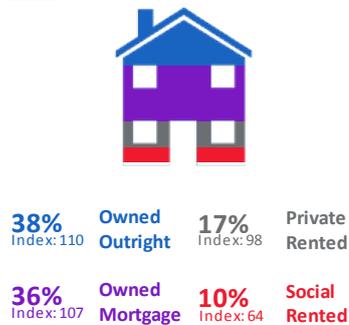
CAR TYPE



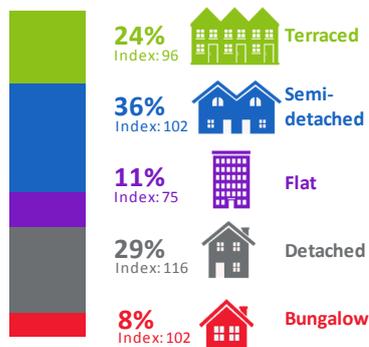
KEY INSIGHTS

- Most households will have access to a small family car.
- A higher proportion, in comparison to the base, are likely to have a luxury/executive car.
- Detached houses are 16.3% more likely than in the base.
- 37.6% of the households in the profile are likely to be owned outright.
- About 21% of households will have 4 bedrooms.
- The prevailing size is 2 people but households with 3-4 people appear more than in the base.

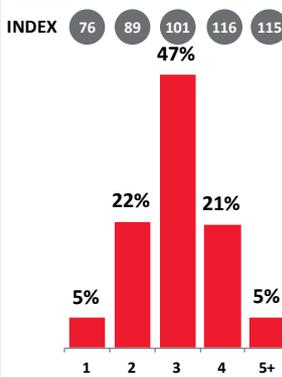
TENURE



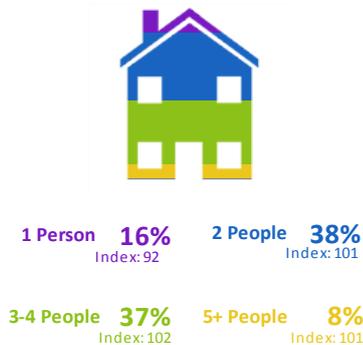
TYPE



BEDROOMS



SIZE



Policy & Resources Committee

23 January 2019

Fees & Charges 2019/20

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service/Lead Director	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	All

Executive Summary

This report sets out the proposed fees and charges for 2018/19 for the services within the remit of this Committee, and summarises the overall changes for all Committees. Fees and charges determined by the council are reviewed annually, and this forms part of the budget setting process.

The Committee is invited to consider the appropriateness of the proposals for charges which are set at the Council's discretion.

Charges which are determined centrally have been included in Appendix 1 for information.

This report makes the following recommendations to Policy & Resources Committee

1. That the proposed discretionary fees and charges set out in Appendix 1 to this report are agreed.
2. That the centrally determined fees and charges set out in Appendix 1 to this report are noted.
3. That the overall change in fees and charges attached at Appendix 2 is noted.

Timetable

Meeting	Date
Strategic Planning, Sustainability & Transportation Committee	8 January 2019
Communities, Housing & Environment Committee	15 January 2019
Policy & Resources Committee	23 January 2019
Heritage, Culture & Leisure Committee	29 January 2019

Fees & Charges 2019/20

1. INTRODUCTION AND BACKGROUND

1.1 The council is able to recover the costs of providing discretionary services through making a charge to service users. A charging policy is in place for charges which are set at the council's discretion and this seeks to ensure that:

- a) Fees and charges are reviewed regularly, and that this review covers existing charges as well services for which there is potential to charge in the future.
- b) Budget managers are equipped with guidance on the factors which should be considered when reviewing charges.
- c) Charges are fair, transparent and understandable, and a consistent and sensible approach is taken to setting the criteria for applying concessions or discounted charges.
- d) Decisions regarding fees and charges are based on relevant and accurate information regarding the service and the impact of any proposed changes to the charge is fully understood.

1.2 The policy covers fees and charges that are set at the discretion of the council and does not apply to services where the council is prohibited from charging, e.g. the collection of household waste. Charges currently determined by central government, e.g. planning application fees, are also outside the scope of the policy. However, consideration of any known changes to such fees and charges and any consequence to the medium term financial strategy are included in this report for information.

1.3 Managers are asked to consider the following factors when reviewing fees and charges:

- a) The council's strategic plan and values, and how charge supports these;
- b) The use of subsidies and concessions targeted at certain user groups or to facilitate access to a service;
- c) The actual or potential impact of competition in terms of price or quality;
- d) Trends in user demand including an estimate of the effect of price changes on customers;
- e) Customer survey results;
- f) Impact on users, both directly and on delivering the council's objectives;
- g) Financial constraints including inflationary pressure and service budgets;

- h) The implications of developments such as investment made in a service;
- i) The corporate impact on other service areas of council wide pressures to increase fees and charges;
- j) Alternative charging structures that could be more effective;
- k) Proposals for targeting promotions during the year and the evaluation of any that took place in previous periods.

Discretionary Charges

- 1.4 Charges for services which fall within the remit of this committee have been reviewed by budget managers in line with the policy, as part of the development of the medium term financial strategy for 2019/20 onwards. The detailed results of the review carried out this year are set out in Appendix 1 and the approval of the committee is sought to the amended fees and charges for 2019/20 as set out in that appendix.
- 1.5 Table 1 below summarises the 2017/18 outturn and 2018/19 estimate for income from the discretionary fees and charges which fall within the remit of this committee. Please note that the table only reflects changes relating to fees and charges and does not include other budget proposals which may impact these service areas.

Service Area	2017-18 Outturn £	2018-19 Estimate £	Proposed change in income £	2019-20 Estimate £	% Change
Business Terrace	95,237	150,160	3,003	153,163	2.00%
Jubilee Square	2,180	3,500	0	3,500	0.00%
Legal Services	134,170	173,320	3,466	176,786	2.00%
Town Hall	1,533	3,990	-2,490	1,500	-62.41%
Maidstone House (staff parking)	6,281	15,000	0	15,000	0.00%
Total income from charges set by the Council	239,401	345,970	3,980	349,950	1.15%

Table 1: Discretionary Fees & Charges Summary (Policy & Resources)

- 1.6 A number of proposed changes to these fees are detailed within Appendix 1 and summarised below:
- Charges for Jubilee Square have been increased in line with inflation and to enable recovery of costs incurred in delivering this service;
 - Inflationary increases have been applied to certain legal services charges, in line with limits imposed by the courts. The budget for these services will increase by 2% in line with inflation.

- The income budget for charges at the Town Hall has been reduced by £2,490 as it is anticipated that the current budget will not be achievable in 2019/20. The service have been able to offset the impact of this reduction against savings in their expenditure budget, so there is no overall impact of this change on the Council's budget.
- No changes have been proposed to staff parking charges. Although the income budget will not be achieved during 2018/19, this will be monitored closely over the forthcoming year.

Externally Set Charges

1.7 Table 2 below summarises the income due from fees which are not set by the Council. In this area, these charges relate to the cost of recovering debts which are set by the courts.

Service Area	2017-18 Outturn £	2018-19 Estimate £	Proposed increase in income £	2019-20 Estimate £	% Change
Mid Kent Enforcement Service	765,494	876,000	104,300	980,300	11.91%
Total income from charges set externally	765,494	876,000	104,300	980,300	11.91%

Table 2: Statutory Fees & Charges Summary (Policy & Resources)

1.8 No changes are anticipated to the existing charges in this area. However, the service has expanded over the past year and the income budget reflects the increased volume of work. This operates as a shared service, the income is shown gross and the net profit is shared equally between partners.

Overview

1.9 The updated Charging Policy states that this Committee will consider the overall impact of the proposed changes in fees and charges, and a summary of main changes in each area is therefore provided within Appendix 2. Overall, the anticipated impact of the proposals represents a 4.16% increase on the existing gross income budgets. This information excludes fees for licensing, which will be reported to the Licensing Committee for approval.

2. AVAILABLE OPTIONS

Option 1

2.1 The committee could approve the recommendations as set out in the report, adopting the fees and charges as proposed in Appendix 1. As these proposals have been developed in line with the council's policy on fees and

charges they will create a manageable impact on service delivery whilst maximising income levels.

Option 2

- 2.2 The committee could increase the charges proposed within Appendix 1. Any alternative increase may not be fully compliant with the policy, would require further consideration before implementation and may not deliver the necessary levels of income to ensure a balanced budget for 2019/20. The impact on demand for a service should also be taken into account when considering increases to charges beyond the proposed level.

Option 3

- 2.3 The committee could propose to decrease the charges proposed within Appendix 1. However, this would limit the Council's ability to recover the cost of delivering discretionary services, and could result in the Council being unable to set a balanced budget for 2019/20.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 Option 1 as set out above is recommended as the proposed fees and charges shown within Appendix 1 have been developed by budget managers in line with the Council's Charging Policy. The proposed charges are considered appropriate and are expected to create a manageable impact on service delivery whilst maximising cost recovery.

4. RISK

- 4.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 As part of this year's budget survey, residents were asked to rank the approaches to balancing the budget in order of preference. The results of the survey indicated that providing fewer discretionary services was the most preferred option, with a score of 2.25 out of 3. Increasing fees and charges scored the second highest, with 2.11 out of 3.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Fees and charges are being considered by service Committees throughout January. If agreed, the revised fees will come into effect from 1 April 2019, unless otherwise stated.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<ul style="list-style-type: none"> The Council's policy on charging has been developed to support corporate priorities as set out in the strategic plan. 	Head of Finance
Risk Management	<ul style="list-style-type: none"> Risk implications have been set out in section 4 of the report. 	Head of Finance
Financial	<ul style="list-style-type: none"> Financial implications are set out in the body of the report. If agreed, this income will be incorporated into the Council's medium term financial strategy for 2019/20 onwards. 	Head of Finance
Staffing	<ul style="list-style-type: none"> We will deliver the recommendations with our current staffing. 	Head of Finance
Legal	<ul style="list-style-type: none"> A number of the fees and charges made for services by the Council are set so as to provide the service at cost. These services are set up as trading accounts to ensure that the cost of service is clearly related to the charge made. In other cases the fee is set by statute and the Council must charge the set fee. In both cases the proposals in this report meet the Council's obligations. 	Legal Team

	<ul style="list-style-type: none"> Where a customer defaults the fee or charge for a service must be defensible, in order to recover it through legal action. Adherence to the policy on setting fees and charges provides some assurance that appropriate factors have been considered in setting these charges. 	
Privacy and Data Protection	<ul style="list-style-type: none"> No specific impact identified. 	Legal Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Equalities and Corporate Policy Officer
Public Health	<ul style="list-style-type: none"> No specific impact identified. 	Head of Finance
Crime and Disorder	<ul style="list-style-type: none"> No specific impact identified. 	Head of Finance
Procurement	<ul style="list-style-type: none"> No specific impact identified. 	Head of Finance

8. REPORT APPENDICES

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

- Appendix 1: Proposed fees & charges 2019/20 (Policy & Resources Committee)
- Appendix 2: Summary of fees & charges 2019-20 - all Committees

9. BACKGROUND PAPERS

Charging Policy: <http://aluminum:9080/documents/s58019/Appendix%201%20-%20Charging%20Policy%20November%202017.pdf>

Medium Term Financial Strategy 2019/20

Fees Charges

Policy Resources Committee

Fees and Charges	* Includes VAT	Statutory Fee Discretionary	Actuals	Current Estimate	Current Charges	Proposed Charges	% Change	+ / - Income	Estimate	Comments
			2017-2018	2018-2019	2018-2019	2019-2020	%	2019-20	2019 - 2020	
			£	£	£	£	%	£	£	
Business Terrace										
Offices (month)			49,963	49,580				992	50,572	
Office 1	x				600.00	612.00	2.00%			
Office 2	x				250.00	255.00	2.00%			
Office 3	x				250.00	255.00	2.00%			
Office 4	x				250.00	255.00	2.00%			
Office 5	x				360.00	368.00	2.00%			
Office 6	x				360.00	368.00	2.00%			
Office 7	x				525.00	535.00	2.00%			
Office 8	x				375.00	383.00	2.00%			
Office 9	x				500.00	510.00	2.00%			
Office 10	x				375.00	383.00	2.00%			
Office 11	x				250.00	255.00	2.00%			
Office 12	x				250.00	255.00	2.00%			
Hot desks and meeting space			15,366	40,100				802	40,902	
Hot desk day pass	x				12.00	13.00	2.00%			
Hot desk package 30 (month)	x				48.00	49.00	2.00%			
Hot desk package 50 (month)	x				75.00	77.00	2.00%			
Hot desk package 100 (month)	x				144.00	147.00	2.00%			
Hot desk unlimited (month)	x				195.00	199.00	2.00%			
Meeting room (hour)	x				6.00	7.00	2.00%			
Seminar Room (half day)	x				70.00	71.00	2.00%			
Seminar Room (full day)	x				150.00	153.00	2.00%			
Business Terrace Total			65,329	89,680				1,794	91,474	
Business Terrace Expansion										
Offices (month)			29,908	60,480				1,210	61,690	
Office 13	x				845.00	862.00	2.00%			
Office 14	x				496.00	506.00	2.00%			
Office 15	x				1,457.00	1,486.00	2.00%			
Office 16	x				1,165.00	1,188.00	2.00%			
Office 17	x				1,078.00	1,100.00	2.00%			
Business Terrace Expansion Total			29,908	60,480				1,210	61,690	
Economic Development-Jubilee Square										
Jubilee Square (EN40 B724)			2,180	3,500					3,500	
Use of premises licence	x				68.00	70.00	2.94%			
Use of electricity - 3 phase (incl Openreach call out)	x				80.00	80.00	0.00%			
Use of Electricity (Without Openreach call out)	x				20.00	20.00	0.00%			
Promotional/Comercial use inc admin fee	x				240.00	250.00	4.17%			
Events/Educational Promotion (min) charity / public sector admin fee	x				50.00	50.00	0.00%			
Economic Development Total			2,180	3,500				0	3,500	

Medium Term Financial Strategy 2019/20
Fees Charges
Policy Resources Committee

Fees and Charges	* Includes VAT	Statutory Fee Discretionary	Actuals	Current Estimate	Current Charges	Proposed Charges	% Change	+ / - Income	Estimate	Comments
			2017-2018	2018-2019	2018-2019	2019-2020	%	2019-20	2019 - 2020	
			£	£	£	£	%	£	£	
Legal Services										
Business Tenancies and Leases			134,170	173,320				3,466	176,786	NB These amounts reflect the entire MKLS Maidstone Borough Council legal income actual and target amounts from all categories of work. The 19/20 estimate has been increased by 2%. Limited to £217 in line with court-ordained maximum hourly rate that can be claimed in court costs. This is felt to be reasonable. But overall income estimate/target has been increased by 2% in line with the charging policy and in anticipation of further volume increase of work in 2019/20.
Hourly Rate	x				215.00	217.00	0.93%			
Council Land										
Hourly Rate	x				215.00	217.00	0.93%			See note above
Easement										
Hourly Rate	x				215.00	217.00	0.93%			See note above
Completion of Section 106 Planning Agreements										
Hourly rate	x				215.00	217.00	0.93%			See note above
Variation (per hour)					215.00	217.00	0.93%			See note above
Other Legal work (not covered by the above)										
External hourly rate	x				215.00	217.00	0.93%			See note above
Administrative Fees (plus postage where applicable)										
A4 Documents Single Sided per page					0.50	0.50	0.00%			Will make larger increase every few years rather than increase by a few pennies annually.
A4 Documents Double Sided per page					1.00	1.00	0.00%			See note above
Colour A4 Documents Single Sided per page					1.00	1.00	0.00%			See note above
Copies of Legal Agreements/Deeds etc					5.00 to 40.00	5.00 to 40.00	0.00%			Price dependent on size of document.
Legal Services Total			134,170	173,320				3,466	176,786	
Town Hall										
Fees & Charges	x		0	1,840				-1,840	0	
Town Hall Lettings	x		1,533	2,150				-650	1,500	
Town Hall Total			1,533	3,990				-2,490	1,500	
Maidstone House (Parking at MBC)										
Maidstone House (Staff Parking at MBC) Total	*	x	6,281	15,000	480.00	480.00	0.00%	0	15,000	Per annum - officer working over 25 hours
			6,281	15,000				0	15,000	
Mid Kent Enforcement Service (MKES)										
Compliance Fees - statutory charge	x		765,494	876,000				104,300	980,300	This operates as a shared service, the income is gross and the net profit is shared equally between partners.
Enforcement Fees - statutory charge	x				75.00	75.00	0.00%			
					235.00	235.00	0.00%			
Shared MKES Total			765,494	876,000				104,300	980,300	
GRAND TOTAL			1,004,895	1,221,970				108,280	1,330,250	

Medium Term Financial Strategy 2019/20

Fees and Charges

Policy and Resources Committee

Service Area	2017-18 Outturn £	2018-19 Estimate £	Proposed change in income £	2019-20 Estimate £
Environmental Enforcement & Community Protection	7,510	3,900	0	3,900
Environmental Health	400	2,910	715	3,625
Recycling & Refuse Collection	1,123,278	1,136,380	66,000	1,202,380
HMO Licensing	10,604	14,380	0	14,380
Gypsy & Traveller Sites	68,463	68,200	2,179	70,379
Environmental Enforcement & Community Protection (statutory)	47,441	64,380	0	64,380
Environmental Health	14,543	10,140	7,626	17,766
Communities, Housing & Environment Total	1,272,239	1,300,290	76,520	1,376,810
Museum	56,088	64,100	0	64,100
Parks and Open Spaces	38,370	60,040	0	60,040
Cemetery	163,473	138,280	0	138,280
Crematorium	1,284,816	1,230,710	20,000	1,250,710
Market	148,410	139,840	0	139,840
Heritage, Culture & Leisure Total	1,691,157	1,632,970	20,000	1,652,970
Business Terrace	95,237	150,160	3,003	153,163
Jubilee Square	2,180	3,500	0	3,500
Legal Services	134,170	173,320	3,466	176,786
Town Hall	1,533	3,990	-2,490	1,500
Maidstone House (staff parking)	6,281	15,000	0	15,000
Mid Kent Enforcement Service	765,494	876,000	104,300	980,300
Policy & Resources Total	1,004,895	1,221,970	108,279	1,330,249
Street Naming & Numbering	52,575	49,000	20,000	69,000
Parking Services – off street	2,682,710	2,917,700	180,000	3,097,700
Development Control – Pre-application fees	130,313	130,600	30,000	160,600
Parking Services	207,105	186,020	0	186,020
Local Land Charges	259,848	319,550	0	319,550
Building Control	368,521	326,850	5,000	331,850
Development Control – Planning & Conservation	1,501,711	1,559,060	0	1,559,060
Parking services - PCNs	841,598	864,660	0	864,660
Strategic Planning, Sustainability & Transportation Total	6,044,380	6,353,440	235,000	6,588,440
Grand Total	10,012,671	10,508,670	439,799	10,948,469

Policy and Resources Committee

23 January 2019

Medium Term Financial Strategy – Capital Programme

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

This report forms part of the process of agreeing a budget for 2019/20 and setting next year's Council Tax. It develops the outline of the capital programme that was set out in the Medium Term Financial Strategy, agreed by Council on 12 December 2018. It reconfirms the principles behind the Council's capital strategy, explains how the capital programme will be funded, and describes the individual projects that comprise the programme.

This report makes the following recommendations to this Committee:

It is recommended that the Committee:

1. Agrees the capital strategy principles set out in paragraph 1.4;
2. Agrees the capital funding projection set out in Appendix B to this report;
3. Agrees the capital programme 2019/20 onwards as set out in Appendix C to this report;
4. Notes that in agreeing recommendations 2 and 3 above the Committee will set a prudential borrowing limit of £55.524 million over the period of the programme which will be recommended to Council as part of the Treasury Management Strategy 2019/20.

Timetable

Meeting	Date
Policy and Resources Committee	23 January 2019
Council	27 February 2019

Medium Term Financial Strategy – Capital Programme

1. INTRODUCTION AND BACKGROUND

Background

- 1.1 The capital programme plays a vital part in the Council's Strategic Plan, since long term investment is required to deliver many of the objectives of the plan. The capital programme is a rolling five year programme, so sets out over the medium term how the Council will invest its capital resources.
- 1.2 The existing capital programme 2018/19 – 2022/23 was approved by Council at its budget meeting on 7th March 2018 and totals £75 million over five years. Details are set out in Appendix A.
- 1.3 The largest element of the capital programme by value is devoted to housing development and regeneration, reflecting the strategic priorities 'Embracing Growth and Enabling Infrastructure' and 'Homes and Communities'.

Capital Strategy Principles

- 1.4 The Council has developed some core principles for the inclusion of schemes within the capital programme. Schemes may be included in the capital programme if they fall within one of the four following categories:
 - (i) Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
 - (ii) Self-funding schemes focused on Strategic Priorities;
 - (iii) Other schemes focused on Strategic Priorities; and
 - (iv) Other priority schemes which will attract significant external funding.
- 1.5 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and the following locally set principles:
 - (a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee.
 - b) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must first be prepared.

- 1.6 Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed, they may still be included within the programme if they fall within one of the four categories set out at paragraph 1.4 above.
- 1.7 If, following all considerations, there are a number of approved schemes that cannot be accommodated within the current programme, a prioritised list of schemes that can be added to the programme as future resources permit will be created and approved by Policy and Resources Committee, thus allowing officers to focus funding efforts on delivering schemes that are next in priority order.
- 1.8 The MTFS requires the Council to identify actual funding before commencement of schemes. Accordingly, while schemes may be prioritised for the programme, ultimately commencement of any individual scheme can only occur once all the necessary resources have been identified and secured.
- 1.9 The MTFS principles require that the Council will maximise the resources available to finance capital expenditure, in line with the requirements of the Prudential Code, through:
 - a) The use of external grants and contributions, subject to maintaining a focus on the priority outcomes of its own strategies;
 - b) Opportunities to obtain receipts from asset sales as identified in the asset management plan and approved for sale by Policy and Resources Committee;
 - c) The approval of prudential borrowing when the following criteria also apply to the schemes funded by this method:
 - i. they are commercial in nature;
 - ii. the outcome returns a financial benefit at least equal to the cost incurred by borrowing to fund the schemes;
 - iii. after covering the cost of funding, a further financial or non-financial benefit accrues to the Council that directly or indirectly supports the objectives of the strategic plan or the medium term financial strategy.
 - d) The use of New Homes Bonus for capital purposes in line with the Council's strategic plan priorities;
 - e) The implementation of a community infrastructure levy (CIL) and the management of its use, along with other developer contributions (S106), to deliver the objectives of the infrastructure delivery plan.

Funding the Capital Programme

- 1.10 Typically, local authorities rely on prudential borrowing, usually through the Public Works Loan Board, to fund capital expenditure. Maidstone Borough Council has taken a different course, having set aside the annual New Homes Bonus that has been received from central government since 2011 to fund its capital programme. This has allowed the Council to avoid the financial costs of borrowing and the requirement to make provision for loan repayment.
- 1.11 However, it has been recognised for some time by the Council that the scale of its capital programme, together with the progressive reduction in New Homes Bonus funding, means that this approach is not sustainable in the medium term. The Council has therefore approved the use of prudential borrowing provided that it meets the criteria set out in the MTFS principles (see paragraph 1.9 above). Accordingly, prudential borrowing may be used for capital schemes such as the following:
- 1) Acquisition of commercial property;
 - 2) Acquisition of property in order to meet statutory obligations in relation to homelessness;
 - 3) Action to enable stalled development to progress;
 - 4) Self-funding developments that support the objectives of the Council's Strategic Plan and the Medium Term Financial Strategy.
- 1.12 The use of prudential borrowing is subject to an approved business case that evidences a benefit above that required to repay any debt over the life of the activity. The additional benefit may be financial or non-financial but must support the objectives of the strategic plan.
- 1.13 The Council maintains a principle of prior funding of schemes. Although commitment to a scheme is given by its inclusion in the programme the strategy requires that funding is identified in advance of formal commencement of the work. The quarterly monitoring of the capital programme enables Policy and Resources Committee to take effective decisions based on current levels of funding before major projects commence.
- 1.14 The funding assumptions made in the development of the future capital programme are essential to the development of the budget. Specific detail in relation to each source is set out in the paragraphs below.

New Homes Bonus

- 1.15 It has been a principle of the Council's capital programme that New Homes Bonus receipts are used to support the capital programme. The scale of New Homes Bonus payments was reduced in the Local Government Finance Settlement 2017/18, which included a reduction of the period for which New Homes Bonus would be paid from six years to five in 2017/18 and then to four in 2018/19. An allowance was also made in calculating New Homes

Bonus for the natural growth in housing from 'normal' levels of development. This means that New Homes Bonus is now only be paid on growth in excess of 0.4% per annum.

1.16 Given these principles, it was originally projected that New Homes Bonus payable in 2019/20 would be £3.4 million. The actual amount payable, announced in December 2018, is £3.8 million.

1.17 The New Homes Bonus grant is considered to be a revenue grant and its use for capital expenditure is a local decision by this Council. It is therefore properly accounted for as revenue support to the capital programme.

Capital Grants and Contributions

1.18 Many of the grants that were available to the council for funding capital projects in the past no longer exist. However, recent projects have received support through grants and contributions. Some government grants are annual sums, such as the disabled facilities grant, but the majority of sums are one-off and scheme specific.

1.19 The government's objective of building new homes has meant that grants are potentially available through sources such as the Housing Infrastructure Fund and the Land Assembly Fund. The Council seeks to identify opportunities wherever possible to bid for money from these funds where there is a gap in funding from other sources. For example, grant funding is currently being sought from the ERDF to help fund the proposed Innovation Centre at the Kent Medical Campus.

1.20 In addition, funding is also available through Local Enterprise Partnerships (LEP). Proposals are submitted as bids to the South East LEP.

Developer Contributions (S 106) and Community Infrastructure Levy

1.21 The Council may seek to secure benefits to an area or restrict uses or activities related to a proposed development through the negotiation of a 'planning obligation' with the developer. Such obligations, authorised by section 106 of the Town and Country Planning Act 1990, generally either improve the quality of the development, or overcome difficulties which would otherwise result in planning permission being refused. A planning obligation must be:

- (a) necessary to make the development acceptable in planning terms;
- (b) directly related to the development; and
- (c) fairly and reasonably related in scale and kind to the development.

1.22 The Council may therefore receive funds to enable it, or the relevant public authority, to undertake works arising from these planning obligations. Examples of the use of planning obligations are the:

- provision of affordable housing;
- improvement to community facilities, eg - public open space / play areas, educational facilities;
- improved transport facilities;

- public art;
- renewable energy measures;
- specific measures to mitigate impact on a local area - parking restrictions, landscaping or noise insulation.

1.23 Local Authorities in England and Wales can now charge Community Infrastructure Levy (CIL) on new developments in their area. The levy is designed to be fairer, faster and more transparent than the previous system of agreeing planning obligations between local Councils and developers under S 106. In areas where a CIL is in force, land owners and developers must pay the levy to the local Council. The charges are set by the Council, based on the size and type of the new development and the money raised from the community infrastructure levy can be used to support development by funding infrastructure that the Council, local community and neighbourhoods want, such as new or safer road schemes or park improvements.

1.24 Maidstone Borough Council implemented CIL in 2018. The Council has specified infrastructure projects that may be funded wholly or partly through CIL. These include, for example, strategic green and blue infrastructure measures and improvements, such as open space, improvements and mitigation required to make the development acceptable in planning terms. No CIL funded projects are included in the capital programme at this stage, but with the implementation of CIL they are likely to form an increasingly important component of the Capital Programme.

Prudential Borrowing

1.25 The Council has the power to borrow to finance capital expenditure subject to the guidance set out in the Prudential Code. This code of practice is published by the Chartered Institute of Public Finance and Accountancy and covers the full range of capital planning, not just borrowing.

1.26 Compliance with the code is a statutory requirement and the Council's MTFs has been developed to ensure compliance. In summary the key objectives of the code are:

- a) To ensure within a clear framework that capital expenditure plans are affordable, prudent and sustainable;
- b) That treasury management decisions are taken in accordance with good professional practice;
- c) That local strategic planning, asset management planning and proper option appraisal are supported; and
- d) To provide a clear and transparent framework to ensure accountability.

1.27 The Prudential Code has been revised following concerns that some local authorities were making inappropriate use of their borrowing powers. The key change is the requirement for a Capital Strategy, which has to be formally reported to Members. The changes to the Prudential Code are not prescriptive and will not prevent the relatively limited use of prudential borrowing envisaged by Maidstone Borough Council. Because of the links with treasury management and borrowing, the Council's draft Capital Strategy is being considered by the Audit, Governance and Standards

Committee, alongside the Treasury Management Strategy, before being submitted to Council for approval.

1.28 In 2012 the Council approved in principle the use of prudential borrowing, but it has not yet needed to undertake any. Current cash flow projections indicate that prudential borrowing will be required at some point during the course of 2019/20. In total, the proposals set out in this report suggest a need to consider up to £55.5 million of prudential borrowing over the life of the programme. This level of borrowing would be subject to the principles set out in paragraph 1.10.

1.29 In considering the Treasury Management Strategy 2019/20, for recommendation to Council, the Audit Governance & Standards Committee has been made aware of the potential for the level of prudential borrowing that would arise from the approval of the recommendations in this report.

Internal Borrowing

1.30 To date the Council has not borrowed to finance the capital programme, as the value of borrowing was outweighed by the benefit of using the Council's own resources. So long as the Council is holding cash balances, there is no merit in borrowing externally, given the margin between borrowing and lending rates of interest. This is termed 'internal borrowing'.

Overall Funding Level

1.31 The resource available for the capital programme, based on the detail above, is given in Appendix A. The appendix shows total resources expected in the period 2019/20 to 2023/4 as £80,229,000.

Capital Programme Proposals

1.32 Capital Programme proposals have been developed based on the principles set out above and reflect the strategic priorities agreed by Council when it set a new Strategic Plan in December 2018. Details of the main capital projects (greater than £1 million) and how they support strategic priorities are as follows:

Strategic Priority	Budget Proposal	Total cost (£m)
Embracing Growth and Enabling Infrastructure	Housing Development and Regeneration	19.7
	Housing Delivery partnership	15.0
	Infrastructure delivery	3.0
Homes and Communities	Disabled Facilities Grants	4.0
	Temporary Accommodation	3.0
Safe, Clean and Green	Flood Action Plan	1.1
	Mote Park Dam works	2.0
A Thriving Place	Mote Park Visitor Centre	2.1
	Acquisition of Commercial Assets	12.5
	Kent Medical Campus – Innovation Centre	10.5
	Mall Bus Station redevelopment	1.5

- 1.33 Appendix B to this report sets out the recommended programme. This includes schemes that already form part of the existing capital programme together with new schemes that it is now proposed to include within the capital programme. Further details are set out below.

Communities, Housing and Environment

- 1.34 Housing Development and Regeneration - Indicative Schemes - £17.0 million

Under the Housing Development and Regeneration Investment Plan agreed by Policy and Resources Committee at its meeting on 25 July 2017, developments are under way at Brunswick Street and Union Street, and completion of the purchase of Lenworth House is expected to take place before the end of financial year 2018/19. Future developments are envisaged, including one which is the subject of a Part B report elsewhere on this evening's agenda. These are included as indicative schemes in the capital programme.

- 1.35 Housing Development and Regeneration - Brunswick Street and Union Street - £2.7 million

These projects, which are currently on site, form part of the Housing Development and Regeneration Investment Plan. £2.7 million represents the investment required, net of expected sales and transfers to our social housing partner, to complete these schemes.

- 1.36 Housing Delivery Partnership - £15.0 million

At its meeting on 13 November 2018, the Communities Housing and Environment Committee endorsed a plan to set up a Housing Delivery Partnership with a registered social housing provider. This would involve both partners committing to delivering housing as part of the S106 affordable housing market and would be supported by new Affordable Housing Supplementary Planning Guidance. An indicative figure of £15 million is included in the capital programme, being the Council's contribution to the partnership.

- 1.37 Disabled Facilities Grants - £4.0 million

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

- 1.38 Temporary Accommodation - £3.0 million

The Council has acquired 17 homes for use as temporary accommodation over the past year. It is now proposed to buy a further 10 units in 19/20.

1.39 Housing Incentives - £875,000

There is a separate provision within the capital programme for to invest through grants or direct investment to enable housing improvements, in addition to the schemes described above.

1.40 Gypsy Site Improvement Works - £42,000

A saving can be made from transferring the two Gypsy and Caravan sites that we operate to Kent County Council. KCC operate a number of sites across the county, and therefore have relevant experience and enjoy economies of scale that we do not have. The one-off costs to be incurred at the sites prior to transfer are recognised by the inclusion of this item in the capital budget proposals.

1.41 Street Scene Investment - £50,000

It is proposed to extend this rolling capital programme, which allows for (eg) the provision of new bins, for a further two years.

1.42 Flood Action Plan - £1.1 million

The existing capital programme includes £1 million for flood defences. Maidstone Borough Council is part of the Medway Flood Partnership, which includes the Environment Agency and Kent County Council, and has published a Flood Action Plan setting out a range of initiatives. The Partnership plans to spend at least £19 million over the next five years in the Medway catchment area on schemes to manage and reduce flood risk. £100,000 of this budget has been released for a number of natural flood management schemes, where Maidstone's contribution will complement funding from other sources. It is also envisaged that matched funding will be provided for phase 2 of the Middle Medway Flood Resilience Scheme, which will address those properties at severe risk of flooding where property level flood resilience measures, such as replacement doors, are not appropriate.

Heritage, Culture & Leisure

1.43 Crematorium and Cemetery Development Plan - £270,000

The Crematorium Car Park was expanded in 2018 as part of this Development Plan. It is now proposed to use the residual capital funding to carry out improvement works at the Cemetery.

1.44 Mote Park Visitor Centre - £2.1 million

A contract is due to be let shortly for the new Visitor Centre at Mote Park. The scope of the work has been expanded to include toilet facilities that meet 'Changing Places' standards.

1.45 Mote Park Dam Works - £2.0 million

Mote Park Lake is effectively a reservoir retained by a dam at its western end. A review of dam safety under the Reservoirs Act 1975 included a

mandatory recommendation that the spillway capacity be increased to reduce the risk of dam failure due to overtopping. This work therefore comes under the first heading set out in paragraph 1.4, 'required for statutory reasons'. Consultants have designed a suitable scheme and a planning application to carry out the work was submitted at the end of 2018. The scope of the work has had to be extended to include a replacement sluice. The work is likely to take place in Summer 2020 and current estimates are that the total scheme cost will be around £2 million.

1.46 Museum Development Plan - £389,000

This amount represents the balance of funding set aside for development projects at Maidstone Museum. Specific proposals for the funding remain to be developed and are likely to rely on match funding from external sources.

Policy & Resources

1.47 Asset Management / Corporate Property - £2.1 million

The Property Services section carries out a 5 year cycle of condition surveys of Council property which provide a costed programme of essential replacement or refurbishment of building elements to ensure the proper, compliant and efficient operation of the buildings in accordance with the Asset Management Plan. There is no financial return from the projects, but they do eliminate the accumulation of a backlog of maintenance, reduce the risk of failure and interruption of service and the cost of reactive maintenance.

1.48 Feasibility Studies - £250,000

An allowance has been included in the capital programme for feasibility works on schemes that are not yet ready to be included in the main programme.

1.49 Infrastructure Delivery -£3.0 million

It is expected that infrastructure schemes as outlined in the Local Plan will be funded directly from the benefits gained from the development. However, viability assessments of expected developments suggest that there will be a funding gap. The Council is prepared to support that infrastructure need in order to deliver its strategic priorities. Accordingly, £3 million has been set aside within the capital programme to contribute towards a range of schemes, to be identified in due course, to provide local infrastructure.

As part of the revenue budget proposals, growth of £48,000 per annum is sought to help enable infrastructure schemes.

1.50 ICT capital programme - £411,000

This programme provides for the upgrade and replacement of Maidstone's IT hardware and software.

1.51 Digital Projects - £100,000

This programme is for hardware and software development carried out in-house by the Digital team, such as website re-design, new webcasting facilities, and investment to streamline ways of working.

1.52 Acquisition of Commercial Assets - £12.5 million

The Council has a successful track record of acquiring commercial assets, which generate a return that has helped to support the revenue budget and contribute to the local economy. The capital programme includes a fund of £12.5 million which is intended to give the capacity to pursue investment opportunities in line with the Commercial Investment Strategy. The Council is working with selected agents to identify suitable opportunities and these will be brought forward for member approval when identified.

1.53 Kent Medical Campus - Innovation Centre - £10.5 million

Policy and Resources Committee agreed at its meeting on 24 October 2018 to the development of an Innovation Centre at the Kent Medical Campus, subject to confirmation of ERDF grant funding for £4.84 million of the capital cost.

1.54 Mall Bus Station Redevelopment - £1.5 million

It has long been recognised that the bus station requires upgrading in order to improve its efficiency and attractiveness to customers, and to encourage greater bus patronage. A procurement exercise is due to commence shortly for the appointment of an architect and employer's agent for the work. The majority of the project costs will be funded through third party contributions from Capital and Regional, Arriva and the 2018/19 Business Rates Retention Pilot.

2. AVAILABLE OPTIONS

- 2.1 Agree the capital strategy principles, funding arrangements and detailed proposals as set out in section 1 above.
- 2.2 Amend or delete some or all of the proposals, and agree alternative proposals.
- 2.3 Defer a decision on the proposals to this Committee's meeting on 13 February 2019.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The preferred option is that the Committee agrees the proposals set out in section 1. Whilst a final decision is not required until Council sets a budget on 27 February 2019, an early decision by this Committee will allow

advance planning to commence and will potentially allow the benefits of investment to be realised more quickly.

4. RISKS

- 4.1 From 2019/20, the capital programme will require funding through prudential borrowing. Many of the schemes outlined above are projected to be self-funding. However, this assumes that the income assumptions on which they are based are reliable. In an increasingly uncertain economic environment, there is a significant risk that the cost of borrowing and the requirement to make provision for repayment will not be covered.
- 4.2 The scale of the capital programme – around £80 million over 5 years - will require considerable capacity for delivery and project management.
- 4.3 At present it is anticipated that funding will be available for the capital programme. Typically, local authorities rely for funding on the Public Works Loan Board. There is a risk that, alongside the implementation of a more rigorous Prudential Framework, the Government may seek to limit Public Works Loan Board funding directly. Whilst other funders, including the commercial sector, could provide alternative sources of capital in such a scenario, the cost of borrowing would be likely to increase, thus putting at risk the viability of more marginal schemes.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Policy and Resources Committee received an initial report on the MTFs at its meeting on 27 June 2018 and has subsequently received further reports on the development of the budget for 2019/20.
- 5.2 Consultation is currently being carried out on the broader budget proposals for 2019/20. Individual Service Committees are considering the budget proposals relating to capital schemes within their areas of responsibility. There will be an opportunity for Policy and Resources Committee to consider the outcomes of consultation at its meeting on 13th February 2019, before submitting final budget proposals to Council.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The timetable for setting the budget for 2019/20 is set out below.

<i>Date</i>	<i>Meeting</i>	<i>Action</i>
January 2019	All Service Committees	Consider 19/20 budget proposals

23 January 2019	Policy and Resources Committee	Agree 19/20 budget proposals for recommendation to Council
27 February 2019	Council	Approve 19/20 budget

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. Specifically, the capital programme allows for investment in long term projects that support the strategic plan objectives.	Section 151 Officer & Finance Team
Risk Management	See section 4 above.	Section 151 Officer & Finance Team
Financial	Set out in report.	Section 151 Officer & Finance Team
Staffing	None.	Section 151 Officer & Finance Team
Legal	Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The Medium Term Financial Strategy demonstrates the Council's commitment to fulfilling its duties under the Act. The Council has a statutory obligation to set a balanced	Team Leader (Corporate Governance), MKLS

	budget and development of the MTFs and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	
Privacy and Data Protection	None.	Section 151 Officer & Finance Team
Equalities	Where appropriate, Equalities Impact Assessments are carried out for specific budget proposals.	Section 151 Officer & Finance Team
Crime and Disorder	None.	Section 151 Officer & Finance Team
Procurement	Procurement of the capital schemes described in section 1 of this report will be in accordance with the procurement provisions within the Council's constitution.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

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

- Appendix A: Existing Capital Programme 2018/19 to 2022/23
- Appendix B: Estimated Capital Resources 2019/20 to 2023/24
- Appendix C: Proposed Capital Programme 2019/20 to 2023/24

9. BACKGROUND PAPERS

There are no background papers.

APPENDIX A

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

	17/18 Projected £000	Five year plan					Total £000
		18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	
Housing Development and Regeneration	1,666	9,066	14,631	3,786	3,350	3,350	34,183
Temporary Accommodation	3,914	4,500	600	600	600	600	6,900
Disabled Facilities Grants	692	1,192	800	800	800	800	4,392
Flood Action Plan	5	500	500	63			1,063
Public Realm Capital Improvements	50	150	25	25			200
Commercial Waste		180					180
Gypsy Site Fencing Works	42						0
Sub-total Communities, Housing & Env't	6,369	15,588	16,556	5,274	4,750	4,750	46,918
Mote Park Dam Works	0	1,300	600				1,900
Mote Park Visitor Centre	74	562	1,073				1,635
Mote Park Adventure Zone	1,469	515	375				890
Continued improvements to Play Areas	469	881					881
Museum Development Plan	145	175	170	90			435
Crematorium Development Plan	264	353					353
Other Parks Improvements		100					100
Sub-total Heritage, Culture & Leisure	2,421	3,886	2,218	90	0	0	6,194
Property Investment Strategy	3,597	2,403	2,500	2,500	2,500	2,500	12,403
Infrastructure Delivery		600	600	600	600	600	3,000
Town Centre Regeneration	444	2,540					2,540
Corporate Property	200	756	175	175	175	175	1,456
Maidstone East/Sessions Square	576	296					296
Software / PC Replacement	143	115	84	247			446
Feasibility Studies	50	50	50				100
Sub-total Policy & Resources	5,010	6,760	3,409	3,522	3,275	3,275	20,241
Bridges Gyrotary Scheme	160	299					299
Riverside Towpath	40						0
Sub-total Strategic Planning, S & T	200	299	0	0	0	0	299
Sub-total	14,000	26,533	22,183	8,886	8,025	8,025	73,652
Section 106 Contributions	20	160	209	238	103	782	1,492
TOTAL	14,020	26,693	22,392	9,124	8,128	8,807	75,144

ESTIMATED CAPITAL PROGRAMME RESOURCES 2019/20 - 2023/24

Source of Funding	Estimate					Total £000
	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	
Contribution from Earmarked Reserve (New Homes Bonus)	3,881	0	0	0	0	3,881
Capital Grants (Disabled Facilities)	800	800	800	800	800	4,000
External Capital Grants	810	5,006	0	0	0	5,816
S 106	201	280	63	754	60	1,358
Internal Borrowing	9,650	0	0	0	0	9,650
Prudential Borrowing	7,780	12,820	12,820	11,084	11,020	55,524
TOTAL	23,122	18,906	13,683	12,638	11,880	80,229

PROPOSED FIVE YEAR CAPITAL PROGRAMME 2019/20 - 2023/24

	18/19 Projected £000	Five Year Plan					Total £000
		19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	
Purchase of Lenworth House	2,228						2,228
Brunswick Street - Net Cost of Scheme	1,642	2,779	-100				2,680
Union Street - Net Cost of Scheme	917	1,887	-1,843				44
Indicative Schemes		4,124	5,426	3,750	3,750		17,050
Housing Delivery Partnership				3,750	3,750	7,500	15,000
Housing - Disabled Facilities Grants Funding	1,348	800	800	800	800	800	4,000
Temporary Accommodation	4,683	3,000					3,000
Housing Incentives	1,041	175	175	175	175	175	875
Gypsy Site Improvement Works		42					42
Commercial Waste	180						
Street Scene Investment	151	25	25				50
Flood Action Plan		1,000	63				1,063
Sub-total Communities, Housing & Environment	151	13,832	4,547	8,475	8,475	8,475	43,804
Continued Improvements to Play Areas	574						
Crematorium and Cemetery Development Plan	416	140	130				270
Mote Park Adventure Zone	1,957						
Mote Park Improvements	391						
Mote Park Visitor Centre	150	2,090					2,090
Mote Park Lake - Dam Works	200	200	1,650	100			1,950
Other Parks Improvements	100						
Museum Development Plan	25		125	200	64		389
Sub-total Heritage, Culture & Leisure	3,814	2,430	1,905	300	64		4,699
High Street Regeneration	2,830						
Asset Management / Corporate Property	844	1,115	467	175	175	175	2,107
Feasibility Studies	74	50	50	50	50	50	250
Infrastructure Delivery	600	600	600	600	600	600	3,000
Software / PC Replacement	159	124	287				411
Digital Projects		20	20	20	20	20	100
Acquisition of Commercial Assets	2,354	2,500	2,500	2,500	2,500	2,500	12,500
Kent Medical Campus - Innovation Scheme	150	750	8,250	1,500			10,500
Maidstone East/Sessions Square	552						
Sub-total Policy & Resources	7,564	5,159	12,174	4,845	3,345	3,345	28,868
Mall Bus Station Redevelopment		1,500					1,500
Bridges Gyratory Scheme and Towpath	488						
Sub-total Strategic Planning, Sust & Transptn	488	1,500					1,500
Sub-Total	12,017	22,921	18,626	13,620	11,884	11,820	78,871
Section 106 Contributions	191	201	280	63	754	60	1,358
TOTAL	12,208	23,122	18,906	13,683	12,638	11,880	80,229

Agenda Item 19

Policy and Resources

23 January 2019

Lenworth House

Final Decision-Maker	Policy and Resources
Lead Head of Service/Lead Director	John Foster – Acting Head of Regeneration and Economic Development
Lead Officer and Report Author	Alison Elliott
Classification	Public – Urgent Item Reason for Urgency – The Council would lose money if there are delays in granting the lease to Maidstone Property Holdings. This has the potential to affect the Council's finances, and this would not be in the public interest.
Wards affected	High Street

Executive Summary

In 2017 Policy and Resources Committee approved the acquisition of Lenworth House and entered into contract with Hemmens Construction to renovate the existing building, build an extension to deliver 14 apartments for private rent. These works have now been completed.

The Committee is being asked to give delegated authority to the Director of Finance and Business Improvement to grant a lease of the property by Maidstone Borough Council to Maidstone Property Holdings Limited who will let the apartments in the open market.

This report makes the following recommendations to Policy and Resources Committee

1. That the Director of Finance and Business Improvement is granted delegated authority to grant a lease of Lenworth House by Maidstone Borough Council to Maidstone Property Holdings Limited on terms to be agreed, and authorise the completion of such lease and all ancillary deeds/agreements.
2. That the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease and any ancillary deeds/agreements in due course.

Timetable

Meeting	Date
Committee	23/01/19

Lenworth House

1. INTRODUCTION AND BACKGROUND

- 1.1 Following approval of the Housing Development and Regeneration Investment Plan, the Committee agreed to the purchase of Lenworth House at its meeting on 25 July 2017, with the intention that the apartments be let at private market rent. The works have been completed and the property is now in the ownership of Maidstone Borough Council.
 - 1.2 The refurbishment of the existing Lenworth House and the new extension to the rear has created a total of 14 apartments. The apartments will be marketed for private rent, which will provide a source of long term revenue income that will be used to support core services.
 - 1.3 The Committee is asked to approve that the Director of Finance and Business Improvement is given delegated authority to grant the lease of Lenworth House by Maidstone Borough Council to Maidstone Property Holdings (MPH).
-

2. AVAILABLE OPTIONS

- 2.1 **Option 1:** The Committee do not approve that the Director of Finance and Business Improvement is granted delegated authority to grant the lease of Lenworth House by Maidstone Borough Council to Maidstone Property Holdings Limited.
 - 2.2 **Option 2:** The Committee gives approval for the Director of Finance and Business Improvement delegated authority to grant a lease of Lenworth House by Maidstone Borough Council to Maidstone Property Holdings Limited.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 **Option 2** is the recommended option. This option would authorise the lease of Lenworth House to Maidstone Property Holdings Limited.
-

4. RISK

- 4.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The purchase of the Lenworth House for the purpose of private market rental was agreed by the Policy and Resources Committee on 25 July 2017.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The decision will lead to Mid Kent Legal Services granting the necessary lease of Lenworth House by Maidstone Borough Council to Maidstone Property Holdings Limited.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The purchase of the dwellings described in this report supports the Council's strategic plan objectives and the Housing Development and Regeneration Investment Plan.	Head of Regeneration and Economic Development
Risk Management	Already covered in the risk section	Head of Regeneration and Economic Development
Financial	The purchase of Lenworth House forms part of the Housing Regeneration and Investment Plan, through which the Council meets the objectives of generating a financial return, providing new housing and regenerating the area. The projected income from Lenworth House is reflected in the budget proposals for 2019/20.	Section 151 Officer and Finance Team
Staffing	No implications	Head of Regeneration and Economic Development
Legal	The Local Government Act 1972 (LGA 1972) section 111(1) empowers a local authority to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is	Claudette Valmond Principal Solicitor - Commercial

	<p>calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.</p> <p>Disposal by way of a lease is also permitted under section 123(1) of the LG Act 1972 but section 123(2) requires that a disposal by way of a lease exceeding seven years or more must not be for a consideration or value which is less than the best that can reasonably be obtained. Valuation advice should be obtained to ensure that the Council complies with its obligation under section 123(2).</p> <p>Acting on the recommendations in this report is within the Council's powers as set out in the above statutory provisions.</p>	
Privacy and Data Protection	No implications	Legal Team
Equalities	No impact identified.	Equalities and corporate Policy Officer
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals. Health Inequalities Plan	Head of Regeneration and Economic Development
Crime and Disorder	No implications.	Head of Regeneration and Economic Development
Procurement	No implications	

8. REPORT APPENDICES

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

None

9. BACKGROUND PAPERS

Property Acquisition Exempt Report – Policy and Resources Committee – 25th July 2017. This exempt report was brought to committee to gain authority to purchase Lenworth House.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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of the Local Government Act 1972.

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