

MAIDSTONE BOROUGH COUNCIL

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 17 JANUARY 2024

Attendees:

Committee Members:	Councillors Bartlett (Chairman), Cannon, Conyard, Cooke, Mrs Gooch, Harper, S Thompson and Webb
Cabinet Members:	Councillors Perry, Cabinet Member for Corporate Services and Russell, Cabinet Member for Communities, Leisure and Art

68. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Hinder.

69. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members present.

70. URGENT ITEMS

The Chairman stated that he intended to take additional documents related to the following reports as urgent items to enable them to be considered fully:

- Item 11 – Council Tax Base 2024/25 and Collection Fund Adjustment
- Exempt Appendix 2 to Item 12 – Archbishop’s Palace Agreement for Lease

71. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

72. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

73. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

74. EXEMPT ITEMS

RESOLVED: That Item 12 – Archbishop’s Palace Agreement for Lease be taken in private due to the possible disclosure of exempt information, for the reason specified having applied the public interest test as the Committee intended to refer to the information contained within Item 13 – Exempt Appendix to Item 12 – Archbishop’s Palace Agreement for Lease.

75. MINUTES OF THE MEETING HELD ON 13 DECEMBER 2023

RESOLVED: That the Minutes of the meeting held on 13 December 2023 be approved as a correct record and signed.

76. FORWARD PLAN RELATING TO THE COMMITTEE'S TERMS OF REFERENCE

The Director of Finance, Resources and Business Improvement confirmed that an Item on the Council's Budget Proposals 2024/25 would be presented to the Committee in February.

RESOLVED: That the Forward Plan relating to the Committee's Terms of Reference be noted.

77. MEDIUM TERM FINANCIAL STRATEGY – CAPITAL PROGRAMME

The Cabinet Member for Corporate Services introduced the report and stated that the strategy was part of the budget process, and that there is a link between the capital and revenue budgets. It was highlighted that there were multiple variables in the Capital Programme due to inflation, the planning process and that the limit to borrowing costs was recommended to increase to £369 million during the programme. The recommendation to delegate authority to the Director of Finance, Resources and Business Improvement to approve the budget for the Biodiversity and Climate Change project relating to Maidstone House and the Link was emphasised as improving the viability of the building for future tenants.

During the discussion, reference was made to the relationship between the capital and revenue budgets, and borrowing costs.

In response to questions raised:

The Director of Finance, Resources and Business Improvement stated that:

- Utilising borrowing for the revenue budget would only be used if there was no alternative, as the Council would have to fund capital expenditure with borrowing in future.
- The capital budget for Lockmeadow was intended for the refurbishment of units when tenancies expired and to attract new tenants. The vacant unit at the former Feathers Bar and Grill was highlighted as an example of a unit that required capital funding to incentivise future tenants. The Council had leases with tenants scheduled to expire in the 2030s and there was a sustainable income stream. It was emphasised that Lockmeadow was still a valuable asset to the Council attracting residents to the town centre.
- The £195,000 allocated to Medway Street Car Park in the Capital Programme included combining an adjoining car park with the Council operated car park.
- Capital Works at Maidstone House included a complete renovation of the ventilation system, exterior cladding and improvements set out by the Council's biodiversity and climate change action plan. £800,000 was also allocated to the 4th floor of the building which required maintenance to attract future tenants to the vacancy.

- Public toilet refurbishment works could be funded either through revenue expenditure if it was for reinstating facilities, or capital expenditure if it was for enhancement of facilities. Any refurbishment of public toilets would form part of the Council's asset management plan, but priority would be made for repairs and maintenance.
- Several small scale schemes had been implemented as part of the Flood Action Plan, including collaborating with the Environment Agency.
- It was recognised that development at Leeds Langley was not allocated in the proposed Local Plan, but the £1 million allocated in the Capital Programme for preliminary costs on the scheme was intended to fund amongst other things a development plan for the area.
- The Council was committed to borrow £80 million over the next three years, which the Council was likely to spend, but that it was earning interest to the extent it had not been spent on capital projects.

The Cabinet Member for Corporate Services stated that:

- Other borough authorities had utilised borrowing for revenue budgets but the Council was very cautious with its capital and would only use it sparingly.
- The cost of borrowing estimated at £15 million in the five year period could change depending on various factors, including planning permission, investment appraisal and changing programmes.
- Flood mitigation measures required partnerships with external stakeholders, including Kent County Council and drainage boards.

RESOLVED to RECOMMEND to CABINET: That it

1. Agrees the capital strategy principles set out in paragraph 2.10 to this report;
2. Agrees the capital funding projection set out in Appendix 2 to this report;
3. Agrees the capital programme 2024/25 onwards as set out in Appendix 3 to this report;
4. Note that in agreeing recommendations 2 and 3 above the Committee will set a prudential borrowing limit of £369.1 million over the period of the programme which will be recommended to Council as part of the Treasury Management Strategy 2024/25; and
5. Gives delegated authority to the Director of Finance, Resources and Business Improvement, in consultation with the Leader of the Council, to review and give approval to the business case and related budget approval for the Biodiversity & Climate Change project related to the Maidstone House and Link as set out in paragraph 2.7 to this report.

78. COUNCIL TAX BASE 2024/25 AND COLLECTION FUND ADJUSTMENT

The Cabinet Member for Corporate Services introduced the report and stated that it was a statutory annual report to set the Council Tax Base for the next financial year. The increase in the number of band D equivalent properties was highlighted and that the possibility of a surplus and deficit had been included in the calculation.

In response to a question, the Director of Finance, Resources and Business Improvement stated that the rate of growth predicted for 2024/25 was lower than in previous financial years and that the council tax base calculation included non-collection estimates.

RESOLVED to RECOMMEND to CABINET: That

1. Pursuant to the 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 2024-25 will be 68,263.55;
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 2024-25 will be as identified in Appendix 2 to this report; and
3. The 2023-24 Council Tax projection and proposed distribution detailed in Appendix 3 of this report is agreed.

79. **ARCHBISHOP'S PALACE AGREEMENT FOR LEASE**

The Cabinet Member for Corporate Services introduced the report and outlined the procurement process the Council had undertaken and that three bidders had been selected in a shortlist. One bidder had subsequently left the process, and the preferred tenant had the most experience in running large-scale hotels. The Council incurred a significant running cost and a loss of rent on the building while it was unoccupied.

The Cabinet Member for Communities, Leisure and Arts stated that the proposal in front of the Committee was the result of an extensive procurement exercise on Archbishop's Palace, including a previous exclusivity period from a previous preferred tenant, a further tender process, and public consultation. It was stressed that Archbishop's Palace was a historic building in Maidstone and that the preferred tenant presented to the Committee provided the best business case for the venue.

Concerns were raised over the report presenting a single preferred bidder. The Director of Finance, Resources and Business Improvement stated that the procurement had involved Councillors and had been carried out in accordance with the framework agreed by Cabinet and recommended by the Committee in July.

The Committee debated the merits of the preferred bidder and raised several concerns on the proposal including whether separate leases of the dungeon and gatehouses were feasible, whether public access to walking on site could be maintained, and whether an additional break clause of the contract could be included for the Council. Further concerns were raised on whether dialogue with

English Heritage had taken place, whether a viability analysis had been undertaken and whether the internal rates of return of the preferred tenant were sufficient.

The Committee emphasised the important and unique value of Archbishop's Palace in Maidstone but recognised that the Council incurred a significant running cost while the building was still vacant. The Committee were concerned that running Archbishop's Palace would be a particular challenge.

During the discussion it was proposed and seconded that the Committee be recommended to refuse the recommendations on the report and request that Cabinet note the concerns raised during the discussion. This motion was not carried.

A subsequent motion to resolve the recommendations on the report and request that Cabinet give further consideration to the concerns raised during the discussion was moved and seconded. When put to the vote, the substantive motion was carried.

RESOLVED to RECOMMEND to CABINET:

- To agree to a capital expenditure of £1.5 million.
- To delegate authority to the Director of Finance, Resources and Business Improvement to select and appoint professional advisers to obtain all relevant consents, enter into contracts for applicable services as necessary, and to enter into a conditional agreement for lease with the preferred tenant.
- To delegate authority to the Head of Legal Services to negotiate and complete all necessary legal formalities for the agreement for lease and purchase of services as set out above.
- To request further consideration be given to: break clauses in the contract, separate leases for the dungeon and gatehouse, public access to the site, dialogue with English Heritage, internal rates of return and a viability analysis.

Note: Councillors Conyard, Harper and S Thompson wished to minute their dissent to the resolution.

80. DURATION OF MEETING

6:30 p.m. to 8:48 p.m.