

MAIDSTONE BOROUGH COUNCIL

Policy and Resources Committee

MINUTES OF THE MEETING HELD ON WEDNESDAY 23 JANUARY 2019

Present: Councillors Mrs Blackmore, M Burton, Clark, Cox (Chairman), Garten, Mrs Gooch, Harvey, McKay, McLoughlin, D Mortimer, Newton, Perry and Springett

140. APOLOGIES FOR ABSENCE

Apologies for absence were received by Councillors Boughton, Garland and Field.

141. NOTIFICATION OF SUBSTITUTE MEMBERS

Councillor Garten was present as a substitute for Councillor Boughton.

142. URGENT ITEMS

The Chairman informed the Committee that he had decided to accept an item regarding Lenworth House an urgent item. The Chairman explained that the reason for urgency was that the Council faced a possible financial loss on the project if the transfer of the lease was not agreed at this meeting.

143. NOTIFICATION OF VISITING MEMBERS

There were no visiting members.

144. DISCLOSURES BY MEMBERS AND OFFICERS

Councillor Clark declared that he owned a commercial property and was therefore liable to pay Business Rates. This gave him an interest in Item 12. Business Rates Retail Relief.

The Monitoring Officer confirmed that she was aware of the interest and that she had granted a dispensation to Councillor Clark to consider the item.

145. DISCLOSURES OF LOBBYING

The following Councillors disclosed they had been lobbied on item 14. Property Asset Review:

- Councillor Springett
- Councillor Mortimer
- Councillor Clark

- Councillor Perry
- Councillor Gooch
- Councillor M Burton

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

RESOLVED: That the following items be taken in private due to the possible disclosure of exempt information:

- Item 20 – Property Acquisition
- Item 21 – Minutes (Part II) of the Meeting Held on 5 December 2018

147. MINUTES OF THE MEETING HELD ON 5 DECEMBER 2018

RESOLVED: That the minutes be agreed as an accurate record of the meeting and signed.

148. PRESENTATION OF PETITIONS (IF ANY)

Mr Stephen Kendall presented a petition to the Committee with the following wording:

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.

The Chairman explained that the content of the petition was relevant to an item that was already on the agenda – Item 14. Property Asset Review.

RESOLVED: That the petition be considered in conjunction with Item 14. Property Asset Review.

Note: Councillor Blackmore arrived at the meeting during consideration of this item.

149. AMENDMENT TO THE ORDER OF BUSINESS

The Chairman noted that as there were petitioners present, it would be appropriate to consider the item the petition related to as the next item of business.

RESOLVED: That Item 14. Property Asset Review be considered before Item 10. Question and answer session for members of the public (if any).

150. PROPERTY ASSET REVIEW

Mr Mark Green, Director of Finance and Business Improvement, presented a report outlining the Council's Property Asset Review. Mr Green referred to legal advice which outlined that making the Council's assessment of individual sites publicly available could damage the Council's negotiating position in future negotiations. Therefore the report presented to the Committee outlined the Council's approach to the review in general terms. A number of actions were underway to maximise the use of Council assets – for example rent reviews for properties currently let out. However any sites that had been identified as potential for redevelopment or disposal required further engagement with members before decisions were taken.

The Committee noted that some of the actions proposed as the next steps in the Property Asset Review were the responsibility of Officers through exercising delegated authority. This meant it was critical that Ward Members affected by proposals to dispose of or redevelop Council assets were consulted with.

Mr Green assured the Committee that there was a due process to be followed in relation to consultation with Members on individual sites, and that the overall review of assets was just the first step in a process.

In response to a question from the Committee, Mr Green confirmed that a process of prioritisation of actions arising from the review was due to take place.

The Committee requested that a regular update be provided on the progress of this review, including a reference to the petition submitted regarding Rosemary Road, Bearsted.

RESOLVED: That

1. The completion of the Property Asset Review is noted.
2. Officers carry out the next steps identified in paragraphs 1.24 to 1.27 of this report in consultation with affected ward members.

Voting: For - 11 Against - 0 Abstentions - 2

3. The outcome of the next steps of the Property Asset Review be brought back to this Committee.

Voting: For - 12 Against - 0 Abstentions - 0

4. The wording of the petition submitted be considered alongside the Property Asset Review report at future Committee meetings.

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

There were no questions from members of the public.

152. COMMITTEE WORK PROGRAMME

The following updates to the Committee Work Programme were highlighted:

- The IT Strategy was due to be considered in March rather than February.
- John Foster had replaced Dawn Hudd on the Work Programme.

RESOLVED: That the Committee Work Programme be noted.

153. BUSINESS RATES RETAIL RELIEF

Mr Stephen McGinnes, Director of Mid Kent Services, gave a presentation to the Committee outlining a policy awarding Business Rates Relief to retailers within the Borough. Mr McGinnes explained that this relief was fully funded by the government, and had been announced in the 2017 budget. Instead of making changes to business rates legislation to assist small retailers, the government had announced a fully funded relief for local authorities to implement. The policy drawn up was compliant with the government guidance, and would be applied automatically to all eligible businesses in the Borough.

The Committee stated its support for the policy in order to assist small retailers across the Borough.

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

Voting: Unanimous

154. COUNCIL TAX EMPTY PROPERTY PREMIUM

Mr McGinnes introduced a policy requiring that owners of properties that were empty and substantially unfurnished paid additional Council Tax premiums. The current policy added a premium of 50% to those properties that had been empty and unfurnished for 2 or more years. The proposed policy added an escalating premium onto properties the longer they remained empty, with a maximum additional premium of 300% additional Council Tax of those that had remained empty for 5 years or more. Mr McGinnes confirmed that the phrase 'substantially unfurnished' was present in Council Tax legislation, and therefore there was no discretion for this to be changed by the Council.

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

Voting: For - 12 Against - 1 Abstentions - 0

155. 100% BUSINESS RATES RETENTION PILOT - UPDATE

Mr Green presented an update on the Business Rates Retention Pilot. It was noted that all of the projects were on track to be completed as they had all been allocated 'green' status by their respective project sponsors. Mr Green confirmed that those projects that had not been completed in the 2018/19 financial year would be carried forward to 2019/20 if the funds had not been spent, and that the projected £640,000 additional funding from the pilot was likely to be an underestimate. The total funding received through the pilot was scheduled to be finalised after the end of the financial year, once the Corporate Finance Team had completed the annual accounts.

RESOLVED: That progress with the Business Rates Retention Pilot Projects be noted.

156. MEDIUM TERM FINANCIAL STRATEGY & BUDGET PROPOSALS

Mr Green presented the Medium Term Financial Strategy and Budget Proposals to the Committee. The Policy and Resources Committee was asked to agree its own proposals and note the proposals due for consideration by the Service Committees. The Committee would then consider all of the proposals at the meeting in February to recommend to Council in order to set the budget for 2019/20.

The Committee requested that a different format for graphs be used in reports for the future, so that when agendas are printed in black and white the graphs and diagrams remained clear.

RESOLVED: That

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

157. FEES & CHARGES 2019/20

Mr Green outlined the changes to Fees and Charges proposed for services that the Committee was responsible for. Mr Green explained that the only fees proposed to be increased this year were for the Business Terrace and Mid Kent Legal Services. Both of these proposals were broadly for a 2% increase in line with inflation.

RESOLVED: That

1. The proposed discretionary fees and charges set out in Appendix 1 to this report are agreed.
2. The centrally determined fees and charges set out in Appendix 1 to this report are noted.

3. The overall change in fees and charges attached at Appendix 2 is noted.

Voting: For - 11 Against - 2 Abstentions - 0

158. MEDIUM TERM FINANCIAL STRATEGY – CAPITAL PROGRAMME

Mr Green presented the Medium Term Financial Strategy Capital Programme to the Committee. Mr Green highlighted that the Capital Programme was worth £80 million, and all of this funding was scheduled to be invested within the Borough. As the Capital Programme was aligned to the Strategic Plan Priorities it allowed the Council to demonstrate its commitment to the plan through investments in the Borough.

In response to questions from the Committee, Mr William Cornall, Director of Regeneration and Place, confirmed that:

- Flooding at the pedestrian entrance to the Cemetery on Pheasant Lane would be considered by the project team as part of the project. However it was unlikely this could be addressed as part of this project as the budget was tight.
- Although there were funds available for improvements at the Museum, it was not clear whether full match funding for all of the projects would be available. Therefore plans for these improvements needed to be revised. This issue was due to be considered by the Heritage, Culture and Leisure Committee at its next meeting.

RESOLVED: That

1. The Capital Strategy principles set out in paragraph 1.4 are agreed.
2. The Capital Funding projection set out in Appendix B to this report are agreed.
3. The Capital Programme for 2019/20 onwards set out in Appendix C to this report is agreed.
4. Having agreed the Capital Funding Projection and Capital Programme, a prudential borrowing limit will be set of £55.24 million over the period of the Capital Programme, to be recommended to Council by the Audit, Governance and Standards Committee as part of the Treasury Management Strategy 2019/20.

Voting: For - 12 Against - 1 Abstentions - 0

159. LENWORTH HOUSE

Mr Andrew Connors, Housing Delivery Manager, conveyed to the Committee that at a previous meeting of the Committee the purchase of

Lenworth House had been authorised. Lenworth House was a development of flats which was intended to be let to tenants on the private rental market. In order to achieve this, a lease of the property was required to be granted to the Council's private sector rental company, Maidstone Property Holdings Limited. The reason for this was the Council was barred by legislation from granting tenancy agreements at market rental rates. However this activity can be carried out by a private company, wholly owned by the Council.

RESOLVED: That

1. 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. 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.

Voting: For - 12 Against - 0 Abstentions - 1

160. EXCLUSION OF THE PRESS AND PUBLIC

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

161. PROPERTY ACQUISITION

Mr Connors gave a presentation to the Committee outlining a proposal for the acquisition of a block of flats. The block consisted of 14 flats with allocated car parking. The investment was projected to reach a 5.04% Internal Rate of Return (IRR), which was consistent with the minimum IRR of 5% required in the Councils Housing Development and Regeneration Investment Plan. The purchase price had been negotiated with the developer, and this price included a discount due to the transaction being a bulk purchase.

In response to questions from the Committee regarding the risks to the Council around the rental projections, Mr Connors confirmed that a surveyor had confirmed all of the figures in the report. Mr Cornall clarified that risk needed to be considered for the development overall – a number of factors reduced the risk profile including working with an established house builder with a good reputation, the location and that that a future increase in value of the properties had not been incorporated into the IRR calculations.

The Committee noted that the proposal was within the Council's risk appetite, and therefore the opportunity should be pursued.

RESOLVED: That

1. The financial returns for the scheme shown at Exempt Appendix 2, which support the Housing Development and Regeneration Investment Plan, are approved.
2. The Director of Finance and Business Improvement is granted delegated authority to enter into a development agreement with Redrow Homes, together with any related appointments, legal actions, deeds and agreements which may be required to facilitate the purchase.
3. The Head of Mid Kent Legal Services is authorised to appoint the solicitors required to complete the necessary contract documentation, heads of terms, deeds and agreements associated with the purchase on the terms as agreed by the Director of Finance and Business Improvement.
4. The Director of Finance and Business Improvement is granted delegated authority to grant such lease(s) of the Property as necessary on terms to be agreed, and authorise completion of such lease(s) and all ancillary deeds and agreements and the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease(s) in due course.

Voting: For - 11 Against - 2 Abstentions - 0

162. MINUTES (PART II) OF THE MEETING HELD ON 5 DECEMBER 2018

RESOLVED: That the minutes (Part II) of the meeting held on 5 December 2018 are agreed as an accurate record of the meeting and signed.

163. DURATION OF MEETING

6.30 p.m. to 8.42 p.m.