

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE REMOTE MEETING HELD ON 29 APRIL 2020

Present: Councillor Cox (Chairman) and Councillors Mrs Blackmore, M Burton, Chappell-Tay, Clark, English, Mrs Gooch, Harvey, McKay, Mortimer, Newton, Perry, Purle, Round and Springett

Also Present: Councillors McLoughlin, J Sams and T Sams

155. MINUTE'S SILENCE

The Committee and others present observed a minute's silence as a mark of respect for all those in the Borough and surrounding area who have lost their lives due to COVID-19.

156. APOLOGIES FOR ABSENCE

There were no apologies for absence.

157. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

158. URGENT ITEMS

There were no urgent items.

159. NOTIFICATION OF VISITING MEMBERS

It was noted that Councillors Powell, J Sams and T Sams had given prior notice of their wish to speak on agenda item 12 - Council-Led Garden Community Update. However, in the event, Councillor Powell was not present when the Committee considered this report.

Councillor McLoughlin was also present to listen to the proceedings.

160. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

161. DISCLOSURES OF LOBBYING

It was noted that all Members had been lobbied on agenda item 12 - Council-Led Garden Community Update.

162. EXEMPT ITEMS

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

163. MINUTES OF THE MEETING HELD ON 12 FEBRUARY 2020

RESOLVED: That the Minutes of the meeting held on 12 February 2020 be approved as a correct record and signed.

Note: The Minutes will be signed as a correct record at such time that the Coronavirus social distancing restrictions are lifted.

164. PRESENTATION OF PETITIONS

There were no petitions.

165. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were seven questions from members of the public.

Question to the Chairman of the Committee from Mr Steve Heeley

Mr Steve Heeley asked the following question of the Chairman of the Committee:

Your Council-led Garden Community report states that three principal landowners have pulled out of your negotiations and you will be continuing with just five principal landowners. You do not currently have explicit agreement from any of these five landowners. You said to Lenham's residents in January that your plans would not proceed if landowners were not supportive. How many supportive landowners do you consider a minimum before deeming the whole project uneconomical to proceed?

The Chairman responded to the question.

Mr Heeley did not wish to ask a supplementary question arising out of his original question or the reply.

Question to the Chairman of the Committee from Ms Kate Hammond

Ms Kate Hammond asked the following question of the Chairman of the Committee:

It is widely accepted that we will be entering recession in the coming weeks. Your Council-led Garden Community report acknowledges that you have no interested developers for your scheme and it is unlikely that any will now come forward with the housing market about to collapse. Is it appropriate for Maidstone Council to be investing half a million pounds of taxpayer's money in a project that isn't going to go anywhere when

there are more pressing financial priorities for the Borough Council to focus on?

The Chairman responded to the question.

Ms Hammond did not wish to ask a supplementary question arising out of her original question or the reply.

Question to the Chairman of the Committee from Mr Rob Atkin MBE

Mr Rob Atkin MBE asked the following question of the Chairman of the Committee:

Your Council-led Garden Community report suggests a focus on sustainable transport instead of 'big kit infrastructure' investment like the motorway junction and High Speed rail station.

With 1,000 new homes already planned for Lenham in its Neighbourhood Plan plus those at Charing, Harrietsham and other surrounding villages, this report suggests that 5,000 homes in your new town could be unlocked by improvements to just one junction and provision of a local shuttle bus.

Existing traffic on the A20 plus the number of additional car trips generated from 5,000 new homes would require a dual carriageway. Will this end up being in your plan?

The Chairman responded to the question.

Mr Atkin did not wish to ask a supplementary question arising out of his original question or the reply.

Question to the Chairman of the Committee from Ms Sarah King

Ms Sarah King had given notice of her intention to ask the following question of the Chairman of the Committee but was not present at the meeting:

*The Council's own guidance for making a submission to the Call for Sites last year explicitly states: "**It is important that the submission includes confirmation from the landowner (or the person in legal control of the site) that the site will be available for the development being proposed.**" Your Council-led submission for site 289 Heathlands Garden Community has a red boundary line of some 900 acres with over 150 landowners included. You did not seek their collective permission for including their land in this process.*

Is your submission for site 289 going to be withdrawn given you failed to meet the basic requirements set out in the Council's Call for Sites eligibility criteria?

In the absence of Ms King, the question was read out on her behalf by a Democratic Services Officer. The Chairman responded to the question and indicated that a written reply would be provided for Ms King.

Question to the Chairman of the Committee from Ms Gail Duff

Ms Gail Duff had given notice of her intention to ask the following question of the Chairman of the Committee but was not present at the meeting:

In April 2019, the Council approved a motion declaring a climate emergency and committing the Borough to being carbon neutral by 2030. How is the Council's intention to build a new town on 900 acres of predominantly greenfield land near Lenham compatible with your ambition to embed biodiversity and climate change action in everything the Council does?

In the absence of Ms Duff, the Chairman read out the question on her behalf. The Chairman then responded to the question and indicated that a written reply would be provided for Ms Duff.

Question to the Chairman of the Committee from Ms Michelle Lowe on behalf of Helen Whately MP

Ms Michelle Lowe asked the following question of the Chairman of the Committee on behalf of Helen Whately MP:

In relation to agenda item 12 (Council-Led Garden Community Update), as the Council is aware 96% (of more than 1,000 respondents) to my survey were against the development - What has the Council done to address these concerns particularly regarding extra traffic on local roads?

The Chairman responded to the question.

Ms Lowe did not wish to ask a supplementary question arising out of the original question or the reply.

Question to the Chairman of the Committee from County Councillor Shellina Prendergast

County Councillor Shellina Prendergast had given notice of her intention to ask the following question of the Chairman of the Committee but was not present at the meeting:

In relation to agenda item 12 (Council-Led Garden Community Update), how does the proposed development fit with the Council's environmental policy on climate change and those contained within the NPPF which oppose any pattern of development which unnecessarily increases the need to travel?

In the absence of County Councillor Prendergast, the Chairman read out the question on her behalf. The Chairman then responded to the question

and indicated that a written reply would be provided for County Councillor Prendergast.

To listen to the answers to these questions, please follow this link:

<http://services.maidstone.gov.uk/docs/Audio/PolicyandResourcesCommittee290420.mp3>

166. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

167. COUNCIL-LED GARDEN COMMUNITY UPDATE

At the invitation of the Chairman, Mr Rob Atkin MBE of the Save Our Heath Lands Action Group addressed the meeting.

In making his statement, Mr Atkin advised the Committee that:

- The Group's core message was that the proposed Council-led Garden Community at Heathlands was in the wrong location and should not be pursued any further.
- The Group understood the Council's position in terms of having to build more houses and knew that the Council was trying to think more strategically in how they might be delivered through new settlements or significant urban extensions, but did not understand why Lenham Heath was being considered. The Group had asked the Council to publish its Borough-wide analysis to explain its decision making but to no avail.
- Despite being in such an unsustainable location, up to 1,000 new homes were already planned for Lenham, doubling the size of the village. The area was isolated from urban facilities and residents were reliant on the use of their cars for journeys, but the Council was pursuing a Garden Community in the middle of the countryside.
- There had been mixed reviews about Garden Communities across the country and one of the success factors of the good ones was the simplicity of land ownership. These typically involved a small number of major land owners.
- The Group did not understand why the Council was considering a site with over 130 land owners, traveller sites, an industrial estate, a quarry, nature reserves, two railway lines and a motorway. It was the most complicated site that the Group could find of all the Garden Community proposals across the country.
- The Group considered that the Officers were painting an optimistic picture in their report to the Committee. Taking transport as an example, a motorway junction was not deliverable and to rely on the

A20 to accommodate the extra traffic from the development was not realistic.

- Apart from one or two principal land owners, no others appeared to be interested. The Group believed that there were significant concerns and questions to be answered about the viability of the project. Investing further taxpayers' money in this project when there are more pressing financial priorities for the Council to address would be irresponsible.
- The Group also considered that proceeding with the project would attract legal challenges from other developers as it would be interpreted that the Council was putting its own interests and those of a small number of major land owners ahead of other proposers of sites.

To conclude, Mr Atkin urged the Committee not to pursue the project further.

After Mr Atkin had addressed the Committee on behalf of the Save Our Heath Lands Action Group, the Director of Regeneration and Place introduced his report, the purpose of which was to provide an update on the progress made on the Council-led Garden Community proposal known as Heathlands since the last report to the Committee on 18 September 2019 with specific reference to the following topics:

Community Engagement
Environmental and Technical Surveys;
Landowner Negotiations and Commercial Structure;
Local Plan Review Context;
Expenditure; and
Delivery Options

The Director of Regeneration and Place advised the Committee that:

- The Council was considering a project of this nature as it was consistent with its Strategic Plan priority "embracing growth and enabling infrastructure" and the desired outcome within it of "The Council leads master planning and invests in new places which are well designed."
- The three smallest landowners, making up approximately 13% of the existing proposed site in total, had now indicated that they no longer wished to participate in the project. The five larger land owners had confirmed in writing their willingness to make their land available, but Heads of Terms had not been agreed at this stage. With a reduced number of landowners, a clearer picture was starting to form of the preferred land transaction. The proposed next steps included commissioning a second stage masterplan document that would demonstrate what could be achieved within a revised redline taking into account also the RSK survey findings.

- Homes England had expressed a willingness to provide their expertise in refining the business case once the masterplan had been recast and had in-house expertise to support Councils in Garden Community projects such as this.
- In terms of a preferred development partner, Homes England was the only organisation approached at this stage. The second stage masterplan document, if commissioned, would be used as a means of opening a dialogue with potential partners.
- With regard to the transport survey findings, a focus on sustainable transport solutions was suggested. However, the case for a motorway junction could be made if it could be linked to other larger scale developments either in Maidstone or a neighbouring Borough. A broad mix of uses within the site would be key to making the new Garden Community as self-contained as possible in terms of journeys.
- All Garden Community proposals were iterative in their nature. This proposal would continue to evolve as different stakeholders became engaged and new evidence and information came forward.
- In summary, good progress had been made to date and if it could be sustained over the coming months there were reasonable prospects to agree deals with the principal landowners, secure a partner or partners and potentially for the proposal to feature in the next stage of the Local Plan Review.

Councillors T and J Sams (Visiting Members) then addressed the meeting urging Members to no longer pursue a Council-led Garden Community at Heathlands. They made specific reference in their representations to the sustainability, infrastructure, viability, biodiversity and climate change issues and also the complex landownership considerations.

The Committee was reminded that the contents of the report related to the Council's position as a potential property owner/developer and not as Local Planning Authority and that it was important to maintain the separation.

In addition to the recommendations on the papers, a motion containing three provisions was moved and seconded, the purpose of which was to increase the level of Member scrutiny and oversight of the project. Another motion was moved and seconded relating to the need for any possible Garden Community at Lenham Heath to be supported by a motorway junction as this was believed to be crucial to the viability of the project. An amendment was moved to this motion to specify that any possible Garden Community at Lenham Heath should be supported by a motorway junction.

In response to a question, the Director of Regeneration and Place explained that a new motorway junction would need to be co-ordinated by the Local Planning Authority through Duty to Co-operate meetings with

other Boroughs to get an understanding of the housing growth they might be planning and as a topic to unlock the Local Plan more broadly.

RESOLVED:

1. That a Council-led Garden Community in the target location (Heathlands) should continue to be pursued with a view to acting as master-developer.
2. That the at-risk expenditure to the end of Quarter 3 of the current financial year be noted.
3. That the Council should continue to explore potential partners for its role as master-developer.
4. That the criteria for options appraisal of the delivery vehicle for a Council-led Garden Community be noted.
5. That delegated authority be granted to the Director of Regeneration and Place to work with Mid-Kent Legal Services and enter into renewed lockout agreements with the residual landowner group.
6. That a progress or update report should be provided as a standing item at each future meeting of this Committee.
7. That Officers are asked to prepare a detailed memorandum for Members setting out matters such as indicative financial scenarios, explanation of land value capture, outline of infrastructure options, an appraisal of the "delivery options", and an explanation of the key risks.
8. That a greater number and range of relevant documents should be drawn to the attention of Members and made available to them.
9. That the Committee believes that any possible Garden Community at Lenham Heath should be supported by a motorway junction and urges that this be pursued by the Council in its role as 'master planner'.

Note: During consideration of this item, Councillor Newton left the meeting due to connectivity issues.

168. UPDATE ON BIODIVERSITY AND CLIMATE CHANGE ACTION PLAN

The Overview and Scrutiny Officer, Biodiversity and Climate Change, introduced her report providing an update on the progress made on the preparation of an Action Plan to address climate change and biodiversity following the adoption by the Council of a motion recognising global climate and biodiversity emergencies in April 2019.

It was noted that:

- A Working Group had been established to research matters and prepare an Action Plan for consideration at this meeting of the Committee. The Working Group had prepared an initial draft but due to the reprioritisation of work to respond to COVID-19, it was now proposed to submit the Action Plan for consideration at the June meeting of the Committee. The additional time was being used productively with Officers working with the Carbon Trust to understand carbon emissions from the Council's estate, fleet and activities; using information from the residents' survey to inform the Action Plan; and seeking input from Heads of Service on ways to address the issues.
- The Action Plan was a living document and would be informed by further good practice as it emerged over time.

During the discussion, it was suggested and agreed that to provide more flexibility in times of uncertainty and to enable feedback to be taken into consideration, the Officers be requested to report the Action Plan back to the Committee as soon as it is practicable.

RESOLVED: That the delay in reporting the Biodiversity and Climate Change Action Plan to the Committee be noted and that the Action Plan be reported to the Committee as soon as it is practicable.

169. PROPERTY ASSET REVIEW UPDATE

The Director of Finance and Business Improvement introduced the report of the Corporate Property Manager providing an update on the progress made in delivering the recommendations of the Property Asset Review since the last report to the Committee in January 2020. It was noted that:

- The Council was providing support and guidance to help commercial tenants during the COVID-19 pandemic. Where there were issues about the ability of tenants to pay rent the approach the Council was taking was to be sympathetic. If tenants were unable to pay, the Council was prepared to defer payments, but it was not writing off any rents at this stage.
- The Mote Park dam works were scheduled to commence in June and the programme of works would be reviewed and monitored closely in response to Government guidelines regarding COVID-19.

In response to questions, the Director of Finance and Business Improvement explained that with regard to the Archbishop's Palace project, it might be necessary to look at other sources of funding if it is not possible to access Business Rates Retention funds.

He also undertook to ensure that the Headcorn Ward Members are informed when expressions of interest are sought for the development of land at Redhill Stables, Headcorn and consulted as the project goes forward.

RESOLVED: That the progress made on the effective use of the Council's property assets over the last three months and in response to the Property Asset Review report be noted.

170. ONGOING INVESTMENT IN LOCKMEADOW.

The Director of Finance and Business Improvement presented his report setting out details of proposed ongoing investment in Lockmeadow.

The Director of Finance and Business Improvement advised the Committee that:

- The Council acquired the Lockmeadow Leisure Complex in November 2019 in order to support the Strategic Plan priority to make Maidstone a Thriving Place and to provide a financial return in line with the Commercial Investment Strategy.
- When the Policy and Resources Committee originally agreed the acquisition of the long leasehold interest in the Lockmeadow Leisure Complex it was always envisaged that further investment would be required above the £19m purchase price.
- Completion of the purchase of Lockmeadow was conditional on Odeon entering into a new 15 year lease at an increased rent and a deed of works under which refurbishment works to upgrade to a "Luxe" format would be carried out within 12 months of entering into the lease, with a landlord contribution to the work.
- The refurbishment was due to commence on 23 March 2020 but had been postponed due to the coronavirus pandemic. It was understood that Odeon still wished proceed with the works as they would result in additional footfall when the cinema reopened.
- The other part of the proposed investment in Lockmeadow related to some landlord works to coincide with the Odeon's refurbishment. Whilst the fabric of the building was in good condition, a number of things could be updated and improved to make the Complex more attractive including signage, façade details, external lighting, landscaping, access and redundant structures in the car park. It was anticipated that some of these works could be progressed during the coronavirus lockdown.
- The cost of ongoing investment at Lockmeadow was included within the Council's Capital Programme and could be funded from borrowing subject to there being confidence that the investment would generate a return.

During the discussion on this report it was suggested that in agreeing the recommendations Members would be demonstrating their confidence in the local economy and that they are making plans for recovery following the coronavirus pandemic.

RESOLVED:

1. That delegated authority be given to the Director of Finance and Business Improvement in consultation with the Chairman and Vice-Chairman of the Policy and Resources Committee to agree any amendments that are required to the deed of works for refurbishment of the Odeon cinema in light of the temporary postponement of these works.
2. That delegated authority be given to the Director of Finance and Business Improvement in consultation with the Chairman and Vice-Chairman of the Policy and Resources Committee to seek planning permission for and deal with associated planning matters in relation to the landlord works described in the report of the Director of Finance and Business Improvement and to undertake a procurement process and award such contracts for delivery of the works in line with financial procedure rules and applicable public contracts regulations and principles.
3. That the Head of Mid-Kent Legal Services be authorised to negotiate and complete all necessary deeds, agreements and ancillary documents relating to (i) any variation to the deed of works, (ii) the landlord's works and (iii) the appointment of contractors and consultants on the terms as agreed by the Director of Finance and Business Improvement in consultation with the Chairman and Vice-Chairman of the Policy and Resources Committee.

Note: Councillor Mortimer did not participate in the voting due to connectivity issues.

171. FINANCIAL UPDATE

The Director of Finance and Business Improvement presented his report updating the Committee on the Council's financial position in the light of the coronavirus pandemic. The Director of Finance and Business Improvement advised the Committee that:

- The Council was able to set a balanced budget for 2020/21 at its meeting on 26 February 2020 on the basis of the information available at the time and the assumptions set out in the budget report. However, the position had changed completely since then due to the pandemic. There had been additional expenditure arising from, for example, the Council's work to support vulnerable people, in particular finding accommodation for the homeless and establishing a community hub. However, the impact of reduced income was much more significant than marginal increases in expenditure.
- The overall impact in terms of expenditure pressures and income reductions was estimated to be £7.7m at the time of writing the report compared with the Council's unallocated general fund balance of £8.4m.

- In terms of Government support, Maidstone's allocation from the second tranche of funding was £1.7m. This was significantly less than was required to cover the Council's expected losses. The Council would continue to lobby for additional funding.
- Recovery from the pandemic and mitigation of the losses faced by the Council would have major strategic impacts and would require a review of its strategic priorities. It was now likely that a major re-casting of the Medium Term Financial Strategy (MTFS) would be required. It was suggested that in July there would be sufficient greater clarity about the nature of the recovery from the pandemic to use the meeting currently scheduled for 21 July 2020 to consider the approach to the future development of the MTFS.

In response to questions, the Director of Finance and Business Improvement explained that:

- The Council was exposed to a reduction in Business Rates income in so far as its own share of Business Rates was concerned. This was mitigated to an extent because the Government compensates the Council for the reliefs it gives to businesses, including the 100% relief for leisure, retail and hospitality businesses, but it was still estimated on current trends that the Council was exposed to a loss of some £1.4m. It was also likely that Council Tax income would fall through a combination of lower collection rates and a transition from full Council Tax to a reduced level of Council Tax for many households. At this stage, a loss of £1.7m was estimated.
- The Council had set a minimum level of reserves of £2m. In the event, the level of reserves currently held was in excess of this. When setting the budget in February 2020, an unallocated general fund balance of £8.4m was projected as at 31 March 2020. A further £4.6m of balances were due to be earmarked for a range of purposes including the Local Plan Review, giving a total of £13m. Prior to the onset of the pandemic, it was anticipated that the outturn would be broadly in line with the projected figures. If the financial impact of the pandemic was £7.7m as projected then the Council had adequate resources to meet the expenditure expected, but almost all of the unallocated general fund balance of £8.4m would be used up. The Council was not at the point where it needed to consider whether borrowing, which it would have to repay at a later date, would be appropriate.
- In terms of the Capital Programme, decisions about the progress of individual schemes were being made on a case by case basis, having regard to guidance relating to construction sites operating during the coronavirus pandemic and ways of working.

RESOLVED: That the report be noted.

172. BUSINESS RATES PILOT PROJECTS UPDATE

The Head of Finance presented her report providing an update on the progress with regard to the agreed Business Rates Retention Pilot projects as at 31 March 2020. It was noted that:

- Income generated from Business Rates growth and retained locally as part of the Business Rates Retention (BRR) pilot in 2018/19 exceeded original expectations with the Financial Sustainability Fund (FSF) element eventually accumulating total funding of £1,130,000 (topped up to £1,316,700) compared to the £640,000 initially anticipated.
- Having originally identified 13 one-off projects to be funded from the FSF totalling £640,000 during 2018/19, the Committee subsequently identified 16 additional projects to be funded from the surplus during 2019/20. All projects were focussed on supporting the delivery of one or more of the Council's strategic objectives, as set out in the Strategic Plan.
- Progress towards the delivery of the agreed projects had continued, with total spend of £453,169 against 2018/19 projects and £157,310 against the additional 2019/20 projects.
- Resources of £426,074 were stated by project leads to be required in order to progress the agreed projects. Given the financial position facing the Council, it was proposed that these projects be put on hold subject to any existing contractual commitments being fulfilled until the outturn for 2019/20 is considered at the June meeting of the Committee.
- Funding totalling £280,147 had been identified as no longer required due to projects which have been delivered under budget or which can no longer progress as originally envisaged. It was proposed that this amount be allocated to general balances to support the Council's overall financial resilience in response to the challenge and uncertainty presented by the COVID-19 measures.

In response to comments, the Director of Finance and Business Improvement advised the Committee that it would be inappropriate to consider individual projects at this stage.

RESOLVED:

1. That the progress towards the delivery of the Business Rates Retention Pilot projects, as set out in Appendix 1 to the report of the Head of Finance, be noted.
2. That the proposed carry forward of £426,074, as set out in Appendix 1 to the report of the Head of Finance, be considered at the June meeting of the Policy and Resources Committee.

3. That the proposal to allocate funding of £280,147 no longer required to fund agreed projects to general balances be agreed.

173. DURATION OF MEETING

2.00 p.m. to 5.15 p.m.