

POLICY AND RESOURCES COMMITTEE MEETING

Date: Wednesday 29 April 2020
Time: 2.00 p.m.
Venue: Remote Meeting – To access the meeting, please follow the instructions set out at the end of the Agenda

Membership:

Councillors Mrs Blackmore, M Burton, Chappell-Tay, Clark, Cox (Chairman), English, Mrs Gooch, Harvey, McKay, Mortimer, Newton, Perry (Vice-Chairman), Purle, Round 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.

<u>AGENDA</u>	<u>Page No.</u>
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 12 February 2020	1 - 10
9. Presentation of Petitions (if any)	
10. Question and answer session for members of the public (if any)	
11. Questions from Members to the Chairman (if any)	
12. Council-Led Garden Community Update	11 - 22
13. Update on Biodiversity and Climate Change Action Plan	23 - 27
14. Property Asset Review Update	28 - 34

Issued on Tuesday 21 April 2020

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

15. Ongoing Investment in Lockmeadow.	35 - 43
16. Financial Update	44 - 53
17. Business Rates Pilot Projects Update	54 - 62

INFORMATION FOR THE PUBLIC

Members of the press and public can access this meeting (audio only) by dialling in using the following number:

01622 602700

When prompted, you will need to provide this Conference ID: **1260127** followed by **#** and then follow the audio instructions to be admitted to the meeting. If asked for a PIN, just press the **#** key. You will then be held in a lobby until the meeting organiser lets you in. Please join the meeting in good time to avoid any unnecessary delays. In joining the meeting in this way your phone number will be displayed on the Skype call and will be viewable by Members of the Committee and Officers present on the call.

In order to speak at this meeting, please call **01622 602899** or email committee@maidstone.gov.uk by 5 p.m. one clear working day before the meeting (i.e. 5 p.m. on Monday 27 April 2020). If asking a question, you will need to provide the full text in writing. If making a statement, at the invitation of the Chairman, 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.

In registering to speak, you will be asked to confirm by the Democratic Services Officer that you consent to your landline/mobile number being seen but not shared by Members and Officers present at the meeting.

At the start of the meeting the Chairman will indicate that accessing the meeting remotely by telephone will signify acceptance on the part of members of the press and public that their landline/mobile number may be seen but will not be shared by Members and Officers present at the meeting.

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

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

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 12 FEBRUARY 2020

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

Also Present: Councillor J Sams

136. APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Gooch.

137. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no substitute members.

138. URGENT ITEMS

There were no urgent items.

139. NOTIFICATION OF VISITING MEMBERS

It was noted that Councillor J Sams was present as a visiting member for item 11 – Questions from Members to the Chairman.

140. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures from Members or Officers but it was noted that item 18 – Performance Panel Membership and Appointment related to the appraisal process for the Chief Executive and Directors.

141. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

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

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

143. MINUTES OF THE MEETING HELD ON 22 JANUARY 2020

RESOLVED: That the Minutes of the meeting held on 22 January 2020 be agreed as an accurate record of the meeting and signed.

144. PRESENTATION OF PETITIONS (IF ANY)

There were no petitions.

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

There were three questions from members of the public.

Questions to the Chairman of the Policy & Resources Committee from Ms Kate Hammond

'Your Deputy Communications Manager has now confirmed that this Council has no intention to use Compulsory Purchase Orders in respect of the principal landowners that it is already in preliminary commercial discussions in relation to the Council-led Garden Community in Lenham. From our understanding, at least a quarter of these principal landowners have told this Council already that they have no intentions whatsoever in selling their land to you. On that basis, the Save our Heath Lands Action Group would like to know why you are still pursuing this proposal?'

The Chairman responded to the question.

Ms Kate Hammond asked the following supplementary question:

'The threat of compulsory purchase orders continues to promote fear and trepidation in the Lenham Heath community. Can you please confirm formally, here tonight, that this Council will not pursue at any time CPO powers for principal or any other sites or landowners in Lenham Heath to develop your Garden Community proposals. A simple yes or no answer please.'

The Chairman responded to the supplementary question.

Question to the Chairman of the Policy and Resources Committee from Ms Sally King

'Residents, councillors and our MP Helen Whately keep asking this Council why they chose Lenham Heath for their council-led garden community location. The Save Our Heath Lands Action Group still cannot get to the bottom of this question. In the interests of democracy and transparency we ask you again: Why Lenham Heath?'

The Chairman responded to the question.

Ms Sally King asked the following supplementary question:

'Keeping in the spirit of transparency, can you please show your work to date on the testing of reasonable alternatives to this site?'

The Chairman responded to the supplementary question.

Question to the Chairman on the Policy and Resources Committee from Mr Richard Proctor

'The draft Capital Finance Strategy for 2020/21 and beyond still shows a budget of £3.3m for the Council-led Garden Community at Lenham. Following the strong opposition you felt at the Save Our Heath Lands residents' meeting on 24th January and upon learning that 96% of respondents to Helen Whately MP's recent survey oppose this proposal, do you believe this Council has the mandate from its taxpayers to continue to spend such considerable sums of money on this project?'

The Chairman responded to the question.

Mr Richard Proctor asked the following supplementary question:

'In your Medium Term Financial Strategy report it comments that there is significant risk attached to the budget. Assuming that applies to garden communities what is your own assessment of the risk?'

The Chairman responded to the supplementary question.

The full responses were recorded on the webcast and were made available on the Maidstone Borough Council website.

To access the webcast recording, please use the below link:

https://www.youtube.com/watch?v=l_ftr7c9gLw

146. **QUESTIONS FROM MEMBERS TO THE CHAIRMAN (IF ANY)**

Councillor J Sams asked the following question of the Chairman:

'Can you please tell us the financial cost of inviting Lord Taylor to speak on garden communities, to members at the briefing meeting last week?'

The Chairman and the Leader of the Labour Group responded to the question.

Councillor J Sams asked the following supplementary question:

'As we've listened to Lord Taylor about the positives of the garden community. How about a balanced approach ensuring councillors receive a presentation from individuals offering an alternative to garden communities. I just wonder if this has been considered bearing in mind the significant financial and social risks to the council?'

The Chairman responded to the supplementary question.

The full response was recorded on the webcast and was made available on the Maidstone Borough Council website.

To access the webcast recording, please use the below link:

https://www.youtube.com/watch?v=I_ftr7c9gLw

147. COMMITTEE WORK PROGRAMME

RESOLVED: That the Committee Work Programme is noted.

148. REFERENCE FROM THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE - COUNTERFRAUD AND CORRUPTION POLICY

The Democratic and Electoral Services Manager presented the reference from the Audit Governance and Standards Committee recommending that Policy and Resources Committee approve the Counter Fraud and Corruption Policy with one minor amendment. The Committee noted that a number of the alterations and suggestions for the document had come from external members of the Audit Governance and Standards Committee and requested that their thanks be noted.

RESOLVED: That the Counter Fraud and Corruption Policy be approved with the word 'may' being replaced with 'will, unless there are exceptional circumstances' in paragraph 17 of the policy.

149. YOUR FUTURE, OUR PRIORITY, CONSULTATION RESPONSE

The Head of Policy, Governance and Communication presented the report setting out the Council's proposed response to the Kent County Council (KCC) consultation on their five year plan. There was strong alignment between the outcomes in KCC's plan and the Council's strategic plan with emphasis on working collaboratively with districts which was welcomed. However, the response also challenged the County's ambition under outcome 4 on climate change, requesting a target of 2030 to align with the Council's. The response also highlighted to KCC that under outcomes 6 and 7 there was a district role for health and the wider determinants of health (such as quality of housing).

The Committee commended the response and asked for the following suggestions to be incorporated:

- Emphasise support for joint working with regional partners on highways issues;
- Emphasise support for the approach on lorries and HGVs;
- Request additional audits of gullies on lesser roads;
- Request that KCC ensure a consistent specification is provided for contractors repairing potholes to ensure consistency;
- Clarification be sought that infrastructure covers suitable waste and recycling infrastructure and sites;
- Emphasise that decent housing includes the sites for gypsy and travellers that KCC are responsible for;

- Amend the response wording to emphasise the importance of infrastructure and to swap Maidstone to appear before County when listed as it is the Council's response; and
- Change the word 'promotion' to 'provision' on page 11 of the response under Outcome 3.

RESOLVED: That the consultation response on "Your Future, Our Priority", amended to reflect the comments of the Committee, be approved for submission to Kent County Council.

150. P&R Q3 BUDGET & PERFORMANCE MONITORING 19-20

The Director of Finance and Business Improvement presented the report on Quarter 3 Budget and Performance Monitoring for 2019-2020 to the Committee. The overall budget position currently projected a small surplus, with shortfalls in planning income offset by surpluses in Policy and Resources and Communities Housing and Environment. The Committee were assured that the shortfall in planning income was being addressed for the 2020/21 budget. In addition to budget and performance monitoring information the report also set out a number of business rates debts that the committee were asked to write off.

The Data Intelligence Officer set out the Key Performance Indicator (KPI) outturns for Q3. Performance was positive with all three strategic scorecard KPIs achieving target and where previous performance data is available they have either maintained or improved. Across all KPIs three had been rated as red and all related to the strategic objective of thriving place. These were the number of visits to Visit Maidstone, footfall on the High Street and visits to the visitor information centre. All had reduced performance against target which was also reflected nationally.

A proposal was put forward for the predicted underspend to be rolled forward as a Member Grant pot of funding for up to £750 of grant as there was currently no provision for a Member Grant in 2020/21. It was felt that such a grant would enable Members to provide effective funding to make a difference to small groups. If the underspend did not materialise then the grant would be adjusted accordingly. The Committee expressed some concern about how prescriptive the current Member Grant scheme was. It was requested that the scheme be brought back to the first meeting of Policy and Resources after the snap committee meeting in the next municipal year.

RESOLVED: That

1. The revenue position at the end of Quarter 3 and the actions being taken or proposed to improve the position, where significant variances have been identified, be noted;
2. The Capital position at the end of Quarter 3 be noted;
3. The summary of Performance for Quarter 3 for Key Performance Indicators be noted;

4. The uncollectable Non-Domestic Rates (NDR) listed on Appendix 3 of the report be approved for write-off; and
5. The current projected underspend for 2019/20 at paragraph A1.3 of £39k be noted and it be agreed that any unused Members' Community Grants for 2019/20 and the first call on any other unused resources from 2019/20 be used to create a further one off provision for Members' Grants of up to £750 for each councillor for use in 2020/21.

151. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET PROPOSALS 2020/21

The Director of Finance and Business Improvement presented the report on the Medium Term Financial Strategy (MTFS) and Budget Proposals for 2020/21. The report was the final stage of the committee's consideration of the budget prior to it going forward to Council for consideration on 26 February 2020. It was noted that the Council controlled 90% of its income and that with the local government funding settlement being rolled forward by the Government in the short term the recommendation was for a standstill budget in real terms, including a 2% council tax increase.

The substantive proposal from the other service committees was from the Strategic Planning and Infrastructure Committee that proposed that the additional £200k annual local plan review funding be made permanent rather than end when this local plan review ended. This was because reviewing the local plan would be repeated in the future. This proposal would have no impact for next year's budget but would impact in future years as set out in the MTFS.

The projected surplus had risen to £87k and the recommendation was that this was rolled forward to offset future deficits. The future position was less clear than next year's budget. 10% of council income was not in the Council's control as it related to business rates. The baseline for business rates would be reset and a fair funding review was being carried out by the Government. This meant that the proportion of business rates retained by the Council was uncertain.

A number of minor corrections were made to figures in the report that did not impact on the overall totals in the report.

The Committee raised a number of questions relating to the additional £200k for the local plan review being made permanent in future budgets. Reassurance was provided that the £200k was in addition to the existing staffing budget but concerns remained about the future funding situation of local plan reviews.

RESOLVED: That

1. The outcome of consideration of budget proposals by the Service Committees be noted;
 2. The updated Strategic Revenue Projection set out in Appendix A be agreed;
 3. The Budget Savings Proposals set out in Appendix B be agreed;
 4. The Revised Estimates for 2019/20 and the Budget Estimates for 2020/21 set out in Appendix C for recommendation to Council be agreed;
 5. The Capital Programme set out at Appendix D for recommendation to Council be agreed;
 6. The Treasury Management Strategy, Investment Strategy and Capital Strategy set out in Appendix E for recommendation to Council be agreed;
 7. A £5.13 increase in Band D Council Tax for 2020/21 for recommendation to Council be agreed;
 8. That the tax base for Linton Parish Council calculated in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 for the year 2020/21 be amended from 93.5 to 254.5 (see paragraph 2.18) be agreed;
 9. The updated Medium Term Financial Strategy set out in Appendix G be agreed; and
 10. The appropriate matters for decision to set a balanced budget for 2020/21 and the necessary level of Council Tax in accordance with the Local Government Finance Act 1992 and the Localism Act 2011 including the decisions made above be recommended to Council.
152. DEBT RECOVERY PROCEDURES AND SUPPORT FOR LOW INCOME HOUSEHOLDS

The Chief Executive presented the report on the Council's debt recovery procedures and proposals for actions that the Council could take to support low income households in financial difficulty. The first element of the report was to request that the committee agree the publishing of the debt recovery procedure in order to improve accessibility to the information. In practice there was not much discretion as debt recovery was mostly set out in legislation but there was some. The aim was to provide a clear document that was easy to find and follow.

Secondly as the report was about debt recovery, the report provided information about debt owed to the Council. Business rates debt had remained relatively steady even though collection amounts had gone up. The Council had adopted government discount schemes to assist small businesses. In contrast the amount of Council Tax outstanding had been steadily increasing from 2014 to 2019. Notably the number of debtors had increased significantly since 2013 when the Council Tax Benefit system had changed to the Council Tax Support system. National research showed this was not just a local issue, but amongst other factors it was the Council's policy choices that had contributed to this change.

The report recommended adopting the Citizens Advice Bureau (CAB)/Local Authority protocol for debt recovery. The Council had a duty to collect monies owed and Council Tax debt was the most common debt the CAB saw and people presented late when things were complicated and entrenched. The aim of the protocol was to prevent debt in the first place and to ensure good practice in collection. The Council had been benchmarked against the protocol and performed well and on adoption the Council would work closely with the CAB. It was noted that the Council had its own debt collection service, would need to improve the information provided to Council taxpayers, and would need to focus on engaging with debtors to prevent debt escalating. The CAB were supportive of the Council adopting the protocol.

The report also addressed the element of prevention. The Council's Strategic Plan set out the objective of a Borough that works for everyone, with the aims of tackling deprivation and tackling health inequality and the work proposed would help to deliver those. There was extensive data available with regard to low income households in the Borough. Cost of living was also an important factor for example the affordability of rental properties in the Borough. This was demonstrated through only 1% of shared accommodation and 7% of other rental accommodation being within the maximum housing benefit amount in Maidstone. It was also demonstrated by the high pressure for housing as the number of households on the housing register had steadily risen. The Local Government Association had reported on work to address these issues and identified the benefits to Councils of such action. The report proposed a pilot scheme, funded through grant allocation, to identify and support low income families where the Council could intervene to prevent problems with the effectiveness evaluated later in the year.

The Committee highlighted the need to ensure that the Council recognised the difference between people who could not pay and those that would not pay. The Council was duty bound to recover Council Tax but had choices as to how that was done and could factor vulnerability into that process.

Concerns were raised about the risk of the Council becoming a debt advice service or being seen as a debt advice service as well as being required to collect the debt they were advising on. To address this risk it was important that the Council recognised what it was good at and what its partners were good at to prevent a blurring of responsibility.

The Committee sought assurance on the mechanics of the fourth recommendation to undertake the pilot work on early intervention. It was understood that 'prevention was better than the cure' and that the proposal was to invest in data analytics but questions were asked over who would be contacting the vulnerable customers and what actions would be taken. It was noted that the approach would be to use the communities and housing team who had the skills for sensitive contact. Further reports were requested on the mechanics of how the outputs of the data analysis would be used and later for the progress of the scheme.

RESOLVED: That

1. The Debt Recovery Procedure document set out in Appendix 1 to the report be agreed for publication noting that it would be updated appropriately by officers when needed;
2. The findings of the Institute for Fiscal Studies report concerning the impact of changes from Council Tax Benefit to Council Tax Support be considered in Maidstone Borough Council's review of the current Council Tax Support scheme with proposals for changes to the scheme to be presented to the Policy and Resources Committee in June 2020;
3. The Council should demonstrate its commitment to delivering the good practice in council tax debt recovery by adopting and signing the Citizens Advice Bureau/Local Authority protocol at Appendix 2 to the report;
4. A pilot piece of work be conducted as part of the council's commitment to an inclusive economy/financial inclusion described in section 2.32 of the report;
5. A report on the analytical outputs and proposed actions be brought back to the Committee; and
6. An evaluation report be presented to the Committee after six months of operation.

153. PERFORMANCE PANEL MEMBERSHIP AND APPOINTMENT

The Democratic and Electoral Services Manager presented the report which set out the options for the appointment of the Performance Panel. The Performance Panel would conduct the appraisals for the Chief Executive and Directors and was a function inherited from the old Employment Committee.

The Performance Panel had previously been made up of the five Group Leaders but if the Committee wanted it to be politically balanced then this would not be possible.

RESOLVED: That

1. The Performance Panel be politically balanced with a seat allocation of two Conservative Group, two Liberal Democrat Group, and one Independent Group; and
2. The wishes of the Group Leaders be accepted with regard to Membership of the Panel.

154. DURATION OF MEETING

6.30 p.m. to 8.44 p.m.

**POLICY AND RESOURCES
COMMITTEE**

29 APRIL 2020

COUNCIL-LED GARDEN COMMUNITY UPDATE

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	William Cornall, Director of Regeneration & Place
Lead Officer and Report Author	William Cornall, Director of Regeneration & Place
Classification	Public
Wards affected	All, but in particular Harrietsham & Lenham and Headcorn Wards. Lenham Parish Council and Boughton Malherbe Parish Council are affected.

Executive Summary

The proposal was last considered by this Committee in September 2019. The purpose of this report is to provide an update in respect of the progress made since then in pursuing a council-led garden community, near Lenham Heath (Heathlands) and, following consideration of this, to invite the Committee to agree that the project should continue to the next stage. This would mean committing resources to undertake further work to explore and develop the proposal at least until the next public consultation stage of Local Plan Review (LPR) to be undertaken by the Local Planning Authority (LPA) ie consultation on the LPA's preferred spatial distribution for future development in the borough. As in the case of previous reports to this Committee, the contents of this report relate to the Council's position as a potential property owner/ developer and not as LPA.

Purpose of Report

Decision.

This report makes the following recommendations to this Committee:

1. To continue to pursue a Council-led Garden Community in the target location with a view to acting as master-developer.
2. To note the at-risk expenditure to the end of Q3 of the current financial year.
3. To agree that the Council should continue to explore potential partners for its role as master-developer.
4. To note the criteria for options appraisal of the delivery vehicle for a council-led garden community.
5. To grant authority 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.

Timetable	
<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	29 APRIL 2020

COUNCIL-LED GARDEN COMMUNITY UPDATE

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p>Impact on Corporate Priorities</p>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling • Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>Accepting the recommendations will materially improve the Council's ability to achieve all the corporate priorities.</p>	<p>Director of Regeneration & Place</p>
<p>Cross Cutting Objectives</p>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report recommendations support the achievement of all the cross cutting objectives.</p> <p>Through delivering much needed homes to include 40% affordable housing of which 70% would be for social rent. The emerging masterplan is landscape led with 50% of the total proposed as green space. Led by the ambitions set out in the Strategic Plan the Council can ensure that the design principles of development where it is the master planner reflect the commitment to reduce health inequalities amongst other things.</p>	<p>Director of Regeneration & Place</p>

Risk Management	See section 5.	Director of Regeneration & Place
Financial	<ul style="list-style-type: none"> Investment in the Garden Community forms part of the Council's five-year capital programme and budgetary provision exists for the expenditure described in the report and the future plans outlined here. 	Section 151 Officer & Finance Team
Staffing	<ul style="list-style-type: none"> We will deliver the recommendations with our current staffing. 	Director of Regeneration & Place
Legal	<ul style="list-style-type: none"> Acting on the recommendations is within the Council's powers 	Solicitor
Privacy and Data Protection	<ul style="list-style-type: none"> No impact. 	Policy and Information Team
Equalities	<ul style="list-style-type: none"> The recommendations do not propose a change in service therefore will not require an equalities impact assessment 	Policy & Information Manager
Public Health	<ul style="list-style-type: none"> We recognise that the recommendations will not negatively impact on population health or that of individuals. The stage 2 vision document brief includes healthy town principles. 	Public Health Officer
Crime and Disorder	<ul style="list-style-type: none"> The recommendation will not have a negative impact on Crime and Disorder. 	Head of Service or Manager
Procurement	<ul style="list-style-type: none"> On accepting the recommendations, the Council will then follow procurement exercises for the appointment of the landscape-led master-planner. We will complete those exercises in line with financial procedure rules. 	Head of Service & Section 151 Officer
Biodiversity	<ul style="list-style-type: none"> The brief should, and does, seek a biodiversity net gain within the 	Head of Policy Communications & Governance

	proposed redline.	
--	-------------------	--

2. INTRODUCTION AND BACKGROUND

- 2.1 The council is pursuing this project as it is consistent with its Strategic Plan priority of “embracing growth and enabling infrastructure” and the desired outcomes within it;
- The Council leads master planning and invests in new places which are well designed.
 - Key employment sites are delivered.
 - Housing need is met including affordable housing.
 - Sufficient infrastructure is planned to meet the demands of growth.
- 2.2 This report will provide an update on the progress made since the last report to this committee on 18th September 2019 and addresses the following areas;
- Community engagement
 - Environmental and technical surveys
 - Landowner negotiations and commercial structure
 - Local Plan Review context
 - Expenditure
 - Delivery options
- 2.3 **Community Engagement.** In accordance with the decision of this committee in September the council issued a press statement the following day outlining that it was exploring the Lenham Heath area for a council-led garden community, one week later a briefing meeting took place with two Ward Members and the Chair and Vice Chair of Lenham Parish Council.
- 2.4 The council also created a micro site for the Heathlands project on its website, giving stakeholders contextual information and a series of FAQs and responses. The initial Vision document for the proposal was loaded onto the microsite , in early November, which was when all the “call for sites” submissions were published.
- 2.5 Once all the information had been released, through discussion with the Parish Council and the Save Our Heath Lands (SOHL) group a community briefing was tentatively scheduled for December, but this had to be rescheduled until 24th January 2020, owing to the December General Election. This was attended by the report author and Cllrs Cox and Gooch. Soon after the meeting, a newsletter was loaded onto the microsite and posted to those homes and businesses within the proposed redline ie the area covered by the proposed council-led garden community.
- 2.6 Since September there has been more than one meeting per month with either the Parish Council and or SOHL, or with representatives from both entities. Neither the Parish Council nor the SOHL group support the

proposal, but every effort has been made to provide them with timely, considered, accurate and consistent information on the proposals as they develop. Also, several residents' letters have been received and responded to.

2.7 The offer has been made to both the Parish Council and the SOHL group that they can input into the brief for the stage 2 vision / masterplan document that is proposed for commissioning later in this report. This has not been yet taken up, but the offer remains on the table.

2.8 **Environmental & technical surveys.** The council has commissioned several high-level desk-based screening surveys to further explore the various risks and opportunities in terms of the location's development potential. These surveys are as follows;

- Transport & air quality survey
- Ecology & hedge survey
- Arboriculture & hedge survey
- Archaeological survey
- Flood risk and drainage
- Ground conditions survey
- Utilities survey
- Minerals survey
- Acoustic survey

2.9 Following a procurement process, RSK were appointed and their reports are near complete. Whilst their reports cannot be definitive, as more detailed surveys will be required in due course, they do present a broadly positive set of findings. I.e. the purpose of the screening reports is largely to alert clients to obvious constraints and opportunities, and where more detailed survey work would be required. The findings of the reports would also inform a refreshed masterplan of the location, giving more informed reasoning as to where development should and should not be focussed, to in effect create a "landscape-led" masterplan.

2.10 In terms of key findings of the surveys, these are as follows;

- A focus on sustainable transport is suggested, with a steer that neither a motorway junction nor High Speed 1 stop would be appropriate for this scale of development. The survey points to latent capacity at key junctions to the A20, subject to realistic improvement measures to one (junction), and the potential to better utilise the existing train stations at Lenham and Charing and connecting these to the new community via a local bus loop, which could include guided elements and electric vehicles. The findings do indicate the possibility of a new railway stop when the new community reaches an appropriate critical mass. This shift away from "big-kit" infrastructure would also improve the overall cashflow of the whole development proposal, and so bring about a reduction in peak debt that would make the proposal more attractive to potential partners. I.e. this is not a direction to reduce infrastructure spend but rather an alternative more sustainable transport planning strategy which would also produce a smoother spend profile.

- There is an area of the proposed location that has a high level of archaeological sensitivity, and development would need to be directed away from this location, and so perhaps the provision of green space driven towards it. Such an approach would also best protect the setting of listed buildings in this vicinity too.
- There is already a live sand quarry within the proposed redline. This is nearing completion and so once backfilled could be suitable for development. Furthermore, another area is likely to be allocated in the KCC Minerals Local Plan, so this sand would need to be extracted before development could occur, unless the LPA determined that the benefits of the development outweighed the benefits of the mineral extraction. So, whilst minerals do present a constraint to some degree, there is the notion that development could follow extraction in certain locations, and positive preliminary discussions have taken place with KCC to this effect at officer level.

2.11 The findings will in the longer term form the basis for further, more detailed studies, but shorter term build a further level of confidence in the technical deliverability of the overall proposal, and can inform the creation of a landscape led masterplan for the new community. Ultimately, a proposal of this scale is an iterative process that must be taken in a series of manageable steps.

2.12 **Landowner negotiations and commercial structure.** The landowners have taken overarching legal and land valuation advice, and the council has met these costs. The council is taking legal advice from Pinsent Mason and land valuation advice initially from Savills.

2.13 The land transactions for a sizeable proposal such as a garden community could be approached broadly in one of three ways;

2.13.1 Promotion Agreement (PA); a form of joint venture between the landowners and the developer (being the council) with the aim of aligning all the landowners' interests. The developer Council would pay an initial fee to the landowners on completion of the PA, and then seek to promote the site through the Local Plan Review process, with the aim of eventually securing planning consent. If planning consent is eventually secured, the land would be marketed to residential developers, in tranches, and assuming the minimum price per acre agreed in the PA is met, the net proceeds of sale are returned to the landowners. The proceeds of sale would include the developer's promotional costs and fees.

2.13.2 Option Agreement; an option agreement gives the developer (Council) the right to buy land in the future in particular circumstances (generally the grant of a satisfactory planning permission). Typically, the developer will pay (on grant of the Option) an Option fee based (on a percentage of the agreed market value) and the balance of the agreed value only if they choose to exercise their Option to buy within a fixed term period, often 10-15 years.

2.13.3 Conditional Sale; Under a conditional sale agreement, a landowner is obliged to sell and the developer (Council) is obliged to buy if certain

conditions are satisfied (again, generally the grant of a satisfactory planning permission).

2.14 The Heads of Terms for an agreement between the landowners and the Council were developed from October 2019 and reached a near final draft stage in January 2020, proposing a Promotional Agreement form of contract. The three smallest landowners, making up approximately 13% of the existing proposed site in total, have now indicated that they do not wish to participate. It will however be possible recast the redline to take this into account

2.15 The five larger landowners have confirmed in writing (via their advisors) their interest in treating with the council, inasmuch making their land available to the council, subject to further negotiations. Now there is a reduced number of landowners, a clearer picture is starting to form for a preference for a more definite form of transaction, perhaps more likely an option agreement, that would provide them with more certainty around timing and quantum of receipt per acre. This being the case, there would be a need in all likelihood for the Council to attract a partner developer to work with and who could fund the transaction in this way. The loss of three landowners could impact on the overall size of the development, for example in terms of the number of homes, as could the survey findings referred to previously. This would all be explored in detail in the proposed next phase of work.

2.16 **Local Plan Review (LPR) context.** If the committee remains minded to pursue this proposal, the overriding goal would be that it is eventually "allocated" for development in the LPR, which is scheduled to complete in 2022. The proposal was submitted into the "call for sites" process in May of last year. Therefore, the next milestone to be achieved would be for the proposal to feature in the Regulation 18b stage of the LPR, being the preferred spatial development option plus alternatives, which looks likely to reach the public consultation stage late in the current calendar year. This is a matter for the LPA who will be assessing several potential sites for new garden communities.

2.17 Realistically, for that milestone to be achieved from the master developer and land promoter perspective, the council will over the course of the coming months need to provide evidence to the Local Planning Authority (LPA) including that;

- The proposal is deliverable inasmuch that the land required, in the main, is indeed available for development. Accordingly, the council will need to make further progress with the five principal landowners and potentially make progress too in terms of bringing on board a development partner.
- The proposal is realistic and achievable in how the masterplan responds to the site's various opportunities and constraints as identified by the RSK environmental and technical surveys. Therefore, it would be advisable to engage a firm of landscape-led master-planners to prepare a second stage vision document that can be submitted to the LPA over the coming months. I.e. this commission would effectively visually interpret the findings of the RSK work and make informed judgements in

terms of redefining the redline, justifying what types of development should go where, and similarly with the transport and green and blue infrastructure too. This work would also bring more clarity as to what overall scale of development could be achieved, and importantly respond to community concerns, in terms of minimising any impact on existing homes, businesses and hamlets and the community's views on amenities and facilities to be prioritised in the masterplan.

- 2.18 It was the LPA that requested that the surveys be undertaken at this juncture, and so it would seem wise to produce a second stage vision document to set out the justification for the proposal in as clear, detailed and compelling terms as possible.
- 2.19 **Expenditure.** The council has incurred expenditure of £201,000 on various consultancy fees to 31st March 2020 in order to develop the proposal to this point. In the last report to this committee expenditure was forecast to be £50k less than this figure at this juncture. The additional monies that have been spent relate to the commissioning of the environmental and technical surveys, which were required earlier in the process than envisaged, rather than being an unforeseen cost as such. Expenditure on the project is in line with the capital programme approved by this Committee on 22nd January 2020 and by Council on 26th February 2020.
- 2.20 Returning to the immediate goal of maximising the chances of the proposal featuring in the LPR at Regulation 18b at the end of the calendar year it is envisaged that expenditure would rise to circa £300k at this point. These additional monies would be spent on the second stage vision document and legal and associated advisory costs to bring the five principal landowners to signed heads of terms stage, ideally with a suitable partner/s identified too.
- 2.21 The council is currently exploring the possibility of gaining contributions to these ongoing project costs from the Ministry of Housing Communities and Local Government (MHCLG), Homes England and the South East Local Enterprise Partnership (SELEP). There is a reasonable chance of securing some contributions throughout the course of the financial year, but this cannot be guaranteed. Officers will also liaise with KCC with a view to the Heathlands proposal being referenced in the Kent & Medway infrastructure proposition that KCC is making to government, that seeks enhanced infrastructure monies to support ambitious housing growth targets across the county.
- 2.22 As master developer, the Council will in time need to commit further investment as part of commercial negotiations with the landowners, but not before the next update report is brought to this committee in Q3.
- 2.23 **Delivery options.** The council has also taken legal advice from Pinsent Mason in respect of the various delivery options / structures. These have been analysed against several key evaluation criteria to assess the opportunities and constraints of each option and evaluate each option against these. The options themselves are as follows;
- MBC in house delivery
 - MBC arm's length vehicle

- Jointly owned vehicle
- Locally Led New Town Development Corporation

2.24 Each of the possible delivery options have been considered against the following criteria;

- **Consistency** with MBC's stated aims and objectives, as per the strategic plan, and perhaps in the context of climate change and biodiversity.
- **Engagement** to include with public sector partners.
- **Governance**, possibly in terms of skills, speed, and transparency.
- **Geographic coverage**, if indeed there were any cross-boundary considerations.
- **Planning powers**
- **Finance**, possibly in terms of sourcing third party investment, and overall risk exposure and management.
- **Accounting treatment**, possibly to include treasury management considerations.
- **Timing**, taking into account the possible project plan for the proposal.
- **Ease to do business with**, possibly in terms of potential delivery partners.
- **Scale**, once there is a clearer understanding of this, assuming the second stage vision document is commissioned.
- **Public perception**, possibly in terms of transparency and ease of stakeholder engagement.

2.25 There is no need to decide on the optimum approach at this stage. All four are potentially suitable, but the right choice will be informed by what if any partners the council would need to deliver the project, and informing this, what type of deal can eventually be concluded with the principal landowners. As such, this topic will be revisited in depth in the next report that will likely come during quarter 3 of the current financial year, if indeed the committee decide to continue.

2.26 For a project of this scale and ambition, Homes England (HE) are the obvious partner of choice, with funds to spend and a specialised team in place to drive the delivery of new garden communities. Two positive meetings have taken place so far with HE, at director & CEO level, and they have been impressed with the council's approach and progress made to date.

3. AVAILABLE OPTIONS

- 3.1 Option 1 is to continue to pursue a council-led garden community, Heathlands, continuing to invest financially in the proposal up to £300k by the end of the 2020/21 financial year.
- 3.2 Option 2 is to continue to pursue a council-led garden community, Heathlands, but instead seek to minimise further spend up to the end of the financial year. This could mean however that the quality of the masterplan

and availability of the land are not adequately justified to the LPA, so risking the proposal not reaching the Regulation 18b stage of the LPR.

- 3.3 Option 3 is to no longer pursue a council-led garden community, Heathlands. This would mean it would be more difficult to secure the council's priorities contained within its new strategic plan. If the council stepped away it is possible that another entity might instead pursue it. Regardless, the work undertaken to date would at the very least have deepened the council's understanding of a potential growth area for future LPRs.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is 1, as it is consistent with the council's strategic plan and would offer the best possibility of the proposal being supported by the LPA at Regulation 18B stage of the LPR. The council has taken a bold step in pursuing the proposal, has made reasonable progress to date, and so it would be sensible to continue to invest prudently to see it through to the next key milestone in the LPR, with the best likelihood of success.

5. RISK

- 5.1 When this proposal was last presented to this Committee in September 2019, the likely risks were set out as follows;

- At risk consultancy expenditure to March 2020.
- A period of uncertainty for the community affected.
- Possible negative perceptions of a broader role for the Council in the context of acting as master planner.
- Maintaining cohesion amongst the landowner group.

- 5.2 These risks have to some degree crystallised, and were the council to continue, would largely remain. That said, the level of cohesion amongst what is a now smaller landowner group, is growing. If the preferred option is chosen, the level of financial exposure would be further increased, albeit there is the possibility of external contributions to mitigate this as discussed earlier in the report.

- 5.3 In moving to the next stage, the key risks to consider will be;

- Terms cannot be agreed with the landowners.
- That a suitable partner/s cannot be identified.
- That the LPA does not support the proposal at the next stage of the LPR.

- Challenge from individuals or organisations that oppose the principle and/or the specific details of MBC’s council-led garden community
- That the second stage vision document, taking into account the RSK survey findings and the loss of three landowners might yield a compromised proposal.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 As detailed earlier in the report, the Lenham Parish Council have confirmed in writing that they do not support the proposal.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The next steps would be to;

- Enter into renewed lockout agreements with the residual landowners, ideally to the end of the current financial year.
 - Commission the landscape-led masterplan, aka the stage 2 vision document.
 - Advance the commercial negotiations with the five principal landowners.
 - Continue to promote the proposal to the LPA through the LPR.
 - Continue discussions with Homes England, and potentially other suitable partners too.
 - Continue dialogue with Lenham parish council and other community groups
 - Provide an update report to this Committee towards the end of Q3.
-

8. REPORT APPENDICES

None.

9. BACKGROUND PAPERS

None.

POLICY AND RESOURCES COMMITTEE

29 April 2020

Update on Biodiversity and Climate Change Action Plan

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications and Governance
Lead Officer and Report Author	Helen Miller, Overview & Scrutiny Officer Biodiversity & Climate Change
Classification	Public
Wards affected	All

Executive Summary

The Council approved a motion relating to biodiversity and climate change in April 2019. A Working Group was formed and tasked with writing an action plan to address climate change and biodiversity and present it to Policy and Resource Committee in April 2020.

The working group has created an initial draft. However, due to COVID-19 work, it will take two months longer to bring the action plan to the Committee.

Purpose of Report

Noting

This report makes the following recommendations to this Committee:

1. That the Policy and Resource Committee note the delay and agree to receive the action plan for consideration in June 2020.

Timetable

Meeting	Date
Policy and Resource Committee	29 April 2020

Update on Biodiversity and Climate Change Action Plan

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The necessary delay of two months will not be wasted as it will improve the Council's ability to understand how to reduce its carbon emissions and enhance biodiversity within the borough. The action plan will be aligned to the core priorities in the Strategic Plan.	Head of Policy, Communications and Governance
Cross Cutting Objectives	The report recommendation supports the aim that biodiversity and environmental sustainability is respected by ensuring the working group has time to use expert advice, information from public consultation and guidance from heads of service to inform the action plan created.	Head of Policy, Communications and Governance
Risk Management	Please refer to section 4 of the report.	Head of Policy, Communications and Governance
Financial	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.	Section 151 Officer & Finance Team
Staffing	We will deliver the recommendations with our current staffing.	Head of Policy, Communications and Governance
Legal	Local Authorities have a duty under Section 40 Natural Environment and Rural Communities Act 2006 in exercising their functions to have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity. The Council's intention to create a Biodiversity and Climate Change Action Plan demonstrates compliance with the statutory duty. In addition, the Covid 19 measures put in place by Central Government are assisting the Council in meeting its climate change objectives in that carbon emissions are substantially reduced by the lock down	Benedict King Legal Team

Privacy and Data Protection	No impacts on Privacy and Data Protection identified as a result of the report and recommendation.	Policy and Information Team
Equalities	No equalities impact identified as a result of the report and recommendation.	Policy & Information Manager
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	There are no Crime and Disorder issues to note.	Head of Policy, Communications and Governance
Procurement	There are no Procurement issues to note	Head of Policy, Communications and Governance & Section 151 Officer

2. INTRODUCTION AND BACKGROUND

- 2.1 In April 2019 the Council approved a motion recognising global climate and biodiversity emergencies and requesting the Policy and Resource Committee to;
- undertake a short review of Maidstone Borough Council’s governance policies and progress aimed at addressing locally these twin threats and to report on findings;
 - consider a target date of 2030 for the whole of the Borough of Maidstone to be carbon neutral;
 - consider how the Council can strengthen local protection and enhancement of species, habitats and ecosystems services under available powers.
- 2.2 A Working Group was created to research the matters and create an action plan to present to the Policy and Resource Committee in April 2020. It met monthly to interview expert witnesses and provide guidance on the draft action plan. However, the meeting scheduled for the end of March was postponed due to guidance relating to meetings. In addition, key members and officers have been working on COVID-19 related activities. However, several ongoing and recent activities that will maximise the value of the delay and improve the draft action plan further as set out below.
- 2.3 The working group recognised the importance of the Council measuring its current emissions, often called carbon footprint, and having an action plan for reducing carbon emissions from its estate, fleet and activities to as close to net zero as possible by 2030. The Carbon Trust was commissioned to carry out this work and the carbon footprint for the council for the 2018-19 financial year was 3,016.7 tonnes of CO₂ equivalent (tCO₂e). The largest emissions source was associated with the council’s procured goods and services, which accounted for 1665.7 tCO₂e (53%). The full report,

providing a pathway to net zero by 2030, is anticipated at the end of May 2020. However, it is normal practice for the Carbon Trust to inspect key buildings and it is possible information may be gathered in new ways to support social distancing and safe working practices.

- 2.4 The working group wished to use the information from consultations and events with residents, young people and land managers to inform the action plan. The consultation with residents has been conducted online with over 1200 responses received. These will be collated in the second week in April which will be used to inform the action plan. The event with young people was postponed by Mid Kent College in response to guidance regarding COVID-19 and it is not currently possible to determine when this will be held. On 13th March an event focused on biodiversity was run with land managers, farmers, developers, parish councils and information giving organisations. Over 40 people participated and 26 made pledges on what they would do including providing areas for wildlife, working in partnership and with the public, discussing biodiversity with planners, and links were made between habitat creation and flood management. An action will be added to the action plan regarding working with land managers and farmers after further liaison for clarification.
- 2.5 A draft action plan was discussed at the Wider Leadership Awayday on 9th March. Further meetings were scheduled with senior officers to ensure the actions were relevant and feasible but have not all taken place due to reprioritising of work to respond to COVID-19. Feedback will be obtained to allow the action plan to be presented to the Committee in June 2020.
- 2.6 The draft action plan currently focuses on achievable actions, supported by evidence, to address the Council motion and to embed biodiversity and climate change actions into everything the Council does. However, further work is also being done on producing a strategy to sit alongside the action plan. The strategy will both support the action plan and set out ambitious goals, beyond the actions identified, for the Council to aim for and drive work over the coming years.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Policy and Resource Committee is requested to note the delay and agree to receive the action plan for consideration in June 2020. The delay is due to changes caused by adaptation to COVID-19

4. RISK

- 4.1 There is a risk to the Council's reputation if it does not act on the motion declared recognising global climate and biodiversity emergencies. This report shows the Council is acting upon the motion whilst responding to COVID-19. The subsequent report due in June 2020 will allay the risk.

4.2 There is a risk that the Carbon Trust may fail to deliver the report providing the carbon reduction plan. This is being managed by fortnightly meetings with the Carbon Trust. All agreed timescales have been met thus far and plans will be made to ensure the service can be completed on time.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 An online resident consultation was run from 7th February to 20th March. Over 1200 responses were received and analysis of the consultation will be provided in the June report.

6. REPORT APPENDICES

None.

7. BACKGROUND PAPERS

None.

Agenda Item 14

POLICY AND RESOURCES COMMITTEE

29 April 2020

Property Asset Review Update

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

Executive Summary

This report provides a further update on the progress of the 'Next Steps' work stream of the Property Asset Review that was resolved to be progressed at Policy and Resources Committee on 23 January 2019.

This report makes the following recommendations to this Committee:

1. 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.

Timetable

Meeting	Date
Policy and Resources Committee	29 April 2020

Property Asset Review Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The Property Asset Review has given the Council a clearer understanding of its existing property assets and how these can be better used to deliver the council priorities:</p> <ul style="list-style-type: none"> • Embracing growth and enabling infrastructure • Safe clean and green • A thriving place • Homes and communities 	Corporate Property Manager
Cross Cutting Objectives	<p>The cross-cutting themes are considered in all initiatives across the Council's asset portfolio. In particular, good management of the Council's assets contributes towards the following cross-cutting objectives:</p> <ul style="list-style-type: none"> • Heritage is respected • Biodiversity and environmental sustainability is respected 	Corporate Property Manager
Risk Management	This has been addressed in the report.	Corporate Property Manager
Financial	The availability of resources to address specific projects 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 will be identified on a project by project basis.	Head of Commissioning & Business Improvement
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 anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or</p>	Team Leader (Corporate Governance), MKLS

	<p>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 acquire and/or dispose of assets in compliance with the 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>Specific legal implications arising from any recommendations of the Property Asset Review will be identified on a project by project basis.</p>	
Privacy and Data Protection	Individual property projects may have privacy and data protection implications, which are considered as part of the project planning process.	Policy and Information Team
Equalities	There are no equalities implications as a result of this update report, however an impact assessment may be required for individual projects going forward.	Equalities and Corporate Policy Officer
Public Health	We recognise dependent on the recommendations agreed, each project will have varying impacts on the health of the population or individuals within Maidstone.	Public Health Officer
Crime and Disorder	Not applicable	Corporate Property Manager
Procurement	Procurement implications will be identified on a project by project basis.	Head of Commissioning & Business Improvement & Section 151 Officer

2. INTRODUCTION AND BACKGROUND

- 2.1 The Property Asset Review was completed by external consultants Gen2 in January 2019 and the recommendations from that report were summarised in a report to this Committee on 23 January 2019. It was resolved that officers would consider the recommendations in the light of the Council's own corporate priorities and assess whether to adopt any of the recommendations.
- 2.2 Work by the Corporate Property team to address the recommendations about more estates work and management intervention is under way, and in addition to the specific Property Asset Review recommendations, several property transactions have or are due to complete in fulfilment of other Council corporate strategies. These transactions include:
- Lease of the Sub Aqua Club, Mill Meadow, Maidstone
 - Lease of Unit 30 Integra:ME, Parkwood Industrial Estate
 - Licence to Underlet Unit 14 Wren Estate, Parkwood Industrial Estate
 - Lease of Penenden Heath Tennis Courts

The above is not an exhaustive list and is simply intended to give an indication of how property transactions support the Council's work. Progress to date on the Property Asset Review recommendations is set out below.

3. MORE ESTATES WORK NEEDED TO MAXIMISE VALUE

- 3.1 Stacey Street Hoardings - The site was occupied by an unauthorised advertisement hoarding company. Having received no response to the Council's request to remove the hoarding, the Council have instructed a contractor to remove the posters. A new licence agreement with an authorised advertisement company is hoped to be completed soon.
- 3.2 Floor 6, Maidstone House – Part of the 6th floor at Maidstone House has been made available after rationalising the space used by the Council, and an external tenant has been found to take a lease until October 2023. This will result in an additional annual income of £84,400.
- 3.3 Ground Floor Office, 98 Sandling Road – As part of the holding strategy for this site, a tenant has been found to occupy the ground floor office space. The tenant is a local Church and their occupation will remove the liability for the Council and KCC to pay business rates, utility charges and security fees.
- 3.4 Archbishop's Palace - The proposed alternative use options were presented to Members at a Members Briefing. Officers have subsequently met with All Saints Church and KCC Highways. The intention is to hold a public consultation to present the options and obtain feedback following which Expression of Interest for possible uses would then be sought.

4. MANAGEMENT INTERVENTION REQUIRED

- 4.1 Lockmeadow – Now that the Council has purchased the leasehold interest of Lockmeadow a review is underway of the letting arrangements for the Market, including the storage units and the Market Hall. This will ensure consistent arrangements and appropriate rent levels.
- 4.2 Covid-19 – We are providing support and guidance to help commercial tenants through this difficult time, including highlighting the financial support available to businesses and allowing flexibility on the timings of their rent payments to best suit their individual circumstances.
- 4.3 Mote Park dam - The Contract for the Mote Park dam works has been awarded to Breheny Contractors Limited and the contract documents are being finalised. The programme of works will be reviewed and closely monitored in response to Government guidelines as regards Covid-19.

5. DISPOSE/DEVELOP

- 5.1 Land at Redhill Stables, Headcorn – In view of the interest from a number of Funeral Directors and Natural Burial Ground companies we intend to publish a request for Expressions of Interest for the site, giving interested parties the opportunity to submit their proposals for the use of the site, their financial proposals to take the site forward, their methodology for developing the site and their programme of works.
- 5.2 Weaving Heath Village Green Application - The application has been submitted to Kent County Council and has been acknowledged. It is hoped that it will be processed in April so that the first stage can commence. The first stage is advertisement of the notice of the application on the County Council's website for a period of 42 days. Provided that no objections are received, the application will ultimately be referred to a meeting of the Regulation Committee Member Panel for authority to add the land to the Register of Village Greens.

6. CONCLUSION

- 6.1 It is positive that property transactions are still progressing and completing despite the impact of Covid19. We will continue to work closely with our tenants and actively manage the property portfolio through this period of uncertainty. Asset management work will continue with the same day to day focus, improving the return from individual properties and general improvements in the area of property management.

7. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 7.1 It is recommended that Committee note the progress made on delivering the recommendations of the Property Asset Review. The focus for the management of the Council's property portfolio is to obtain the best possible financial and community value. Continuing to review, monitor and undertake feasibility work will ensure this is achieved.

8. RISK

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

9. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 9.1 The Property Asset Review report was submitted to Policy and Resources Committee on 23 January 2019. Members resolved that officers should proceed with the recommended next steps and provide regular updates. However, any sites that had been identified as having potential for redevelopment or disposal would require further engagement with members before decisions were taken.
- 9.2 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.
- 9.3 Quarterly Property Asset Review Updates have been provided since the 23 January 2019 report, the last being January 2020.

10. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 10.1 The next significant step for the Property Asset Review still remains the completion of the Property Asset Strategy, which will be brought to Policy & Resources Committee later this year. The Strategy will set out the Council’s own preferred actions to actively manage the portfolio. In the meantime, work will continue on the existing ongoing projects that have been reported on to date in the quarterly review reports.

11. REPORT APPENDICES

None.

12. BACKGROUND PAPERS

Property Asset Review Report 23rd January 2019
Property Asset Review Update Report 24th April 2019
Property Asset Review Update Report 23rd July 2019
Property Asset Review Update Report 23rd October 2019
Property Asset Review Update Report 22nd January 2020

POLICY AND RESOURCES COMMITTEE

29th April 2020

Ongoing investment in Lockmeadow

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service/Lead Director	Alison Broom, Chief Executive
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement
Classification	Public
Wards affected	Fant, High Street, Bridge

Executive Summary

The Council acquired the Lockmeadow Leisure Complex in November 2019 in order to support the Strategic Priority to make Maidstone a Thriving Place and to provide a financial return in line with our commercial investment strategy. The cost of ongoing investment at Lockmeadow formed part of the original business case for the acquisition and is included within the Council’s capital programme. This report sets out details of the proposed investment.

This report makes the following recommendations to this Committee:

1. To delegate authority to the Director of Finance and Business Improvement in consultation with the Chair and Vice-Chair of 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. To delegate authority to the Director of Finance and Business Improvement in consultation with the Chair and Vice-Chair of Policy and Resources Committee to seek planning permission for and deal with associated planning matters in relation to the landlord works described in this report 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 is 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 Chair and Vice-Chair of Policy and Resources Committee.

Timetable

Meeting	Date
----------------	-------------

Corporate Leadership Team	7 th April 2020
Policy and Resources Committee	29 th April 2020

Ongoing investment in Lockmeadow

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will materially improve the Council's ability to make Maidstone a Thriving Place.	Director of Finance and Business Improvement
Risk Management	Already covered in the risk section.	Director of Finance and Business Improvement
Financial	Accepting the recommendations will demand new spending of £4 million, which is included within the Council's five year capital programme.	Director of Finance and Business Improvement
Staffing	We will deliver the recommendations with our current staffing.	Director of Finance and Business Improvement
Legal	<p>The Council has statutory power under section 1 of the Localism Act 2011 to do anything that individuals generally may do and under section 111 of the Local Government Act 1972</p> <p>The Council has power to do anything (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 its functions.</p> <p>Any procurement process</p>	Legal Team

	undertaken pursuant to the recommendations should be in accordance with the Council's Contract Procedure Rules and the Public Contract Regulations 2015.	
Privacy and Data Protection	Accepting the recommendations will increase the volume of data held by the Council. We will hold that data in accordance with existing Council policies.	Legal Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	[Policy & Information Manager]
Crime and Disorder	N/A	Director of Finance and Business Improvement
Procurement	On accepting the recommendations, the Council will then follow procurement exercises for the work described. We will complete those exercises in line with financial procedure rules.	Director of Finance and Business Improvement

2. INTRODUCTION AND BACKGROUND

- 2.1 In November 2019 the Council acquired the long leasehold interest in the Lockmeadow leisure complex for £19 million. The complex comprises an Odeon multiplex cinema, an 18-lane bowling alley, a trampoline park, five restaurants and a two-level David Lloyd swimming pool and gym complex. The Council already owned the freehold of the site, along with the adjoining car park and market building. The acquisition was consistent with the Strategic Plan priority to make Maidstone a 'Thriving Place', on the basis that this investment would directly support the development of the local economy. The investment also met the Council's commercial investment criteria.
- 2.2 As part of the investment appraisal supporting the decision to acquire Lockmeadow, made by Policy and Resources Committee at its meeting on 27th March 2019, it was recognised that further investment would be required in Lockmeadow. This was reflected in the appraisal and in the yield calculations on which the acquisition was based. Specifically, a further £4 million investment was envisaged in 2020/21, and is included within the five year capital programme approved by Council on 26 February 2020. This comprises:

- Landlord contribution to refurbishment of Odeon cinema
- Short term physical refurbishment and enhancement of site to coincide with Odeon upgrade

Odeon upgrade

2.3 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 would be carried out within 12 months of entering into the lease, with a landlord contribution to the works. The refurbishment would follow a similar pattern to that employed elsewhere by Odeon, ie an upgrade to the 'Luxe' format, which incorporates:

- Recliner seating
- Enhanced bar and retail offer
- PLF (premium large format) screens
- 'Signature service'

Odeon have found from previous experience that these upgrades lead to significant improvements in attendance and revenues. The upgrade will provide a more attractive cinema, which in turn will increase footfall for the complex as a whole.

2.4 The refurbishment was due to start on 23 March 2020. It would have taken three months to complete, phased in such a way that the some of the cinema screens would remain open at all times. In the event, the refurbishment was postponed on 20 March 2020 in anticipation of restrictions arising from the coronavirus pandemic, which did indeed materialise very quickly. The refurbishment project is provisionally intended to recommence on 13 July 2020 but this is clearly dependent on the lifting of restrictions.

2.5 Odeon's business is affected more completely than most by the pandemic, being totally dependent on physical cinema visits. The company's ability to survive the pandemic and resume normal operations is likely to depend, like that of most of other businesses, on the duration of the lockdown. The company states that it remains committed to the refurbishment at Maidstone. The extent of Council funding for the refurbishment means that it will absorb little of the company's own cash flow and the development can be expected to proceed at some point, subject to the overall health of the business. From a legal viewpoint, it may be necessary for the terms of the Deed of Works to be amended to reflect the postponement of the works, but this should not involve any substantive change to what the Council wishes to achieve.

Overall refurbishment and enhancement of site

2.6 The Council's capacity, as landlord of Lockmeadow, to attract and retain tenants and to make the venue an attractive destination for visitors is constrained by a number of physical limitations. These were recognised as part of the Council's due diligence process when acquiring the site. Whilst the fabric of the building is in good condition, there are a number of areas requiring updating and improvement including the following:

- signage

- façade details
- external lighting
- landscaping
- access to riverside and tow path
- access to and visibility from the town centre
- redundant structures in car park

These issues can be addressed over a relatively short timescale and can be accommodated within the balance of the £4 million capital budget. If this work is programmed to coincide with the Odeon refurbishment, it will facilitate a successful relaunch of Lockmeadow as a compelling destination for residents and visitors. Carrying out this work does not preclude a more thoroughgoing refurbishment of the complex at a future date.

Timing

- 2.7 At this stage, the timing of the Odeon update, and the associated landlord works described above, is uncertain. The most optimistic scenario would see these works commence in July, as currently envisaged by Odeon, but they could be delayed until much later in 2020.

Other opportunities

- 2.8 An important factor in the acquisition of the Lockmeadow leisure complex was the potential for synergies with other activities carried out within the areas owned by the Council.

- Market

Before the current lockdown, a market took place in the Lockmeadow car park on two days a week. The market building was also let out for weekly auctions and a number of other events. Income from the market has been declining for several years. Future plans for the market are under review. It is hoped that the refurbishment of Lockmeadow will help the market expand its offering and the market hall to attract a bigger range of events.

- Car Park

The main car park generates income of approximately £400,000 per annum for MBC from 567 spaces. It is not operating at full capacity, other than on Sundays, when parking is free. We are reviewing our strategy for the car park, bearing in mind the opportunity for businesses within Lockmeadow provided by the car park and the nearby railway station.

- Town Square and amenity space

The 'Town Square' adjoining the main car park was originally envisaged as a venue for events, but has more recently been used as a car park for staff working at the leisure complex. There is further amenity space adjoining the river which is under-utilised. The Council plans to explore the potential for use of this space for events.

More generally, Lockmeadow is in a strategic location, close to our existing Town Centre opportunity sites. We will ensure that our strategy as landlord of the site is developed in tandem for our regeneration strategy for the area.

3. AVAILABLE OPTIONS

3.1 Option 1 – Fulfil minimum legal obligations

Under the deed of works agreed with Odeon, the Council is obliged to contribute to the cinema’s refurbishment in return for the company’s commitment to a 15 year lease. The Council could meet this obligation but carry out no further investment in the site.

3.2 Option 2 – Carry out wider programme of investment

The Council could additionally carry out a programme of landlord works as described in paragraph 2.6 of this report.

3.3 Option 3 – Carry out a different or expanded programme of investment

The Committee could choose to amend or expand the planned programme of investment, within the budgetary framework set out in the Council’s capital programme.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 This report recommends Option 2, on the basis that this will maximise the value to be achieved from the Odeon’s refurbishment within the Council’s budgetary framework.

5. RISK

5.1 The risks associated with the proposals in this report, including the risks if the Council does not act as recommended, have been considered in line with the Council’s Risk Management Framework. It is recognised that the risks associated with the proposals have significantly changed as a result of the coronavirus pandemic.

5.2 Specific key high-level risks and mitigation arising from this project are set out below:

Risk	Mitigation
Tenant failure	The programme of investment described in this report is highly dependent on Odeon’s continuing commitment. Before Odeon commences the

Risk	Mitigation
	<p>refurbishment project described in this report, the Council will seek to satisfy itself that the company is able to complete the project.</p> <p>The long term viability of Lockmeadow as a whole depends on the site's ability to attract and retain viable businesses as tenants. The main tenants (Odeon, David Lloyd, Greene King, The Restaurant Group) had a relatively strong covenant in relation to the leisure sector as a whole at the time of the site's acquisition, but all are clearly subject to the very severe recession now facing the sector. Their financial health will be monitored closely.</p>
Construction work starts but cannot be completed	Wherever possible, warranties will be sought to ensure that the work proposed can be completed.
Projected financial returns from Lockmeadow are not delivered	In the short term, the financial returns from Lockmeadow are at risk, given tenants' lack of cash flow and consequent challenges in paying rent. The relatively low financing costs enjoyed by the Council gives a wide margin in which income could fall short of projected levels, with the project nevertheless remaining cash positive. In the longer term, Lockmeadow continues to have the potential to be an attractive leisure destination.
Failure of leisure economy to recover from coronavirus	In the event of a permanent and irrevocable downturn in the leisure economy, which would threaten Lockmeadow's viability, our ownership of the entire site gives us the scope to seek strategic solutions including finding different uses of the site.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The strategic context to the acquisition of Lockmeadow, ie setting 'Thriving Place' as a priority, the Medium Term Financial Strategy and the Capital Programme, have been discussed extensively with Members. Members have agreed the acquisition of Lockmeadow and support the Council's ambitions for the site.
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Should the Committee approve the recommendations of this report, the work described will proceed, with its pace dictated by how quickly restrictions relating to the coronavirus pandemic are lifted.
-

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

None

Agenda Item 16

Policy and Resources Committee

29 April 2020

Financial 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

This report presents an update on the Council's financial position in the light of the Covid 19 pandemic.

This report makes the following recommendations to this Committee:

1. It is recommended that the Committee notes the report.

Timetable

Meeting	Date
Policy and Resources Committee	29 April 2020

Financial Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Council's strategic plan is supported by the Medium Term Financial Strategy (MTFS) and budget. Threats to the MTFS and budget will impact on the Council's capacity to deliver the strategic plan.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS and the budget support the cross-cutting objectives in the same way that they support the Council's other strategic priorities.	Section 151 Officer & Finance Team
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. It is therefore essential that the committee gives consideration to the strategic financial consequences of this report.	Section 151 Officer & Finance Team
Staffing	The financial implications of Covid 19 are likely to impact 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. Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the authority's members if expenditure (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.	Legal Services
Privacy and Data Protection	Privacy and Data Protection is considered as part of the development of the MTFS and annual budget. There are no specific implications arising from this report.	Policy and Information Team
Equalities	The Council's future financial position will impact on service delivery. So far as possible, when a policy, service or function is changed	Equalities and

	or reviewed, an evidence-based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be sought.	Corporate Policy Officer
Public Health	The resources to achieve the Council's objectives depend on the Medium Term Financial Strategy and annual budget.	Public Health Officer
Crime and Disorder	The resources to achieve the Council's objectives depend on the Medium Term Financial Strategy and annual budget.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives depend on the Medium Term Financial Strategy and annual budget.	Section 151 Officer & Finance Team

2. INTRODUCTION AND BACKGROUND

2.1 This report provides an overview of the Council's current financial position in the light of the Covid 19 pandemic as follows:

- Background
- Additional spending pressures
- Income reductions
- Use of reserves
- Cash flow
- Capital programme

The position continues to change on a daily basis, so updates will be presented when the Committee meets and at each subsequent meeting.

Background

2.2 The Council has an agreed Medium Term Financial Strategy (MTFS) for the next five years and a budget for 2020/21. The Council was able to set a balanced budget for 2020/21 at its meeting on 26th February 2020 on the basis of the information available at the time and the assumptions set out in the budget report. This was the culmination of a lengthy budget process, which involved developing a whole range of savings and income generation plans.

2.3 In subsequent years, the projections in the MTFS indicated a likely requirement either to make further savings or to generate increased income. The exact size of the budget gap depended on the new local government funding regime to be introduced in 2021/22. Again, this was on the basis of the information available at the time.

2.4 Since the budget was agreed in February, the position has changed completely as the all-encompassing impact of the Covid 19 pandemic on society and the economy has become clear. The immediate implications for Maidstone Borough Council, as a district authority, have included the following:

- Redirection of existing resources, and employment of additional resources, to support vulnerable people
- Administering government support schemes, notably Business Grants
- Temporary closure of many Council facilities
- Reduction in levels of activity in many other Council services
- Income generating activities severely impacted by overall contraction in economic activity
- Change in working patterns, with almost all office-based staff now working from home
- Reduced levels of Council Tax and Business Rates collection.

2.5 Most of these have a direct financial impact on the Council’s revenue budget, whether through increased expenditure or reduced income. It is important to note that, for a District Council like Maidstone, the impact of reduced income is much more significant than marginal increases in expenditure. Spending pressures and income reduction are considered in turn below.

Spending Pressures

2.6 The main marginal items of expenditure faced by the Council arise from our work to support vulnerable people, in particular finding accommodation for the homeless and establishing a community hub. Whilst many officers are now working directly on initiatives that respond to the pandemic, their pay is broadly fixed (although levels of overtime have increased significantly).

2.7 Where Council facilities have been closed or where there has been a reduction in activity levels, the Council is still obliged to incur most of the costs that it would normally do. Local authorities may not recover, as private sector employers may, 80% of the cost of paying furloughed staff.

2.8 So far as services and facilities operated by third party suppliers are concerned, the Cabinet Office has issued an action note (PPN 02/20) which sets out the approach that the government expects public bodies to take with its suppliers. Specifically, it states that contracting authorities ‘must act now to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over’. The implication here is that, if a supplier is ‘at risk’, then public bodies should support the supplier financially even though the supplier may not be in a position to provide goods and services as normal.

2.9 An important area where many local authorities face this issue is leisure services, given that all local authority leisure centres have had to close. Where a third party supplier operates the Council’s leisure centre(s), the supplier may have no other source of income, which puts an obligation on the authority to support them. The approach taken will of course vary from case to case, depending on the financial strength of the supplier.

2.10 The following table summarises known additional spending pressures faced by the Council as at 15 April, as set out in the return that we were required to submit to MHCLG on that date.

Additional Spending Pressures			
	March 2020	April 2020	Full Year 2020-21
	£000	£000	£000
Housing (including homelessness)	10	28	135
Cultural services	0	0	38
Environmental and regulatory	0	0	10
Finance / Corporate Services	0	20	53
Other services (including hub)	0	13	30
Total additional pressures	10	61	266

This is likely to be a conservative estimate, given that more spending pressures are likely to arise over the following weeks and months.

Income Reductions

2.11 As members will know, the Council is broadly self-sufficient, so it depends on revenues raised locally to fund its services. Any income reductions will therefore have a direct impact on our ability to deliver services. The nature of the pandemic is such that virtually all the Council's sources of income are affected.

Business rates

2.12 The Council collects business rates, retaining a notional amount due after payments to preceptors and the government's tariff. The payments to preceptors and the government's tariff were fixed in January, therefore leaving the Council exposed in the short term to 100% of any fluctuation in actual amounts collected. Normally, an adjustment is made through the Collection Fund after year end to reflect actual business rates income, but given the scale of the difference between projected income and actual income, this delay in reimbursement would be very difficult to manage.

2.13 The government has recognised the cash flow pressure that this places on Councils and agreed on 16 April to defer the cash payments for business rates which are theoretically owing to it for the next three months. Discussions are also taking place with Kent County Council about whether they would be prepared to take similar steps.

2.14 Notwithstanding this, the Council is exposed to a reduction in business rates income so far as its own share of business rates is concerned. This is mitigated to an extent because the government compensates us for the reliefs that we give to businesses, including the 100% relief for leisure, retail and hospitality businesses, but it is still estimated on current trends that we are exposed to a loss of some £1.4 million.

Council Tax

2.15 At this stage the impact on Council Tax collection for the current year is unclear. Given the importance of cash flow to enable the Council to continue delivering services, we are emphasising to Council Tax payers the importance of keeping up to date with their payments. If they are unable to pay the full amount of Council Tax, for example through redundancy, they may apply for Council Tax support, which reduces their Council Tax by 80%.

2.16 It is nevertheless likely that Council Tax income will 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 we estimate a loss of £1.7 million.

Sales, Fees and Charges

2.17 The Council's biggest exposure falls in this area, which includes parking income, planning fees, green waste collection fees, property rentals and a

whole range of other charges for Council services. In most of these areas, it is also difficult to mitigate income loss through reductions in expenditure, given that most of our costs are fixed. On the basis that activity levels continue to be severely disrupted to the end of June, we project a loss of income of £4.3 million. If disruption continues for longer than this then the loss will be even greater.

2.18 The following table summarises projected income reductions as at 15 April.

Income Reductions			
	March 2020	April 2020	Full Year 2020-21
	£000	£000	£000
Business Rates (MBC share)	0	128	1,403
Council Tax (MBC share)	0	156	1,711
Sales, fees and charges:			
<i>Parking services</i>	75	273	1,655
<i>Property rentals</i>	37	162	560
<i>Leisure services</i>	0	78	531
<i>Planning fees and advice</i>	0	51	500
<i>Other fees and charges</i>	1	79	1,087
Sub-total sales fees and charges	113	643	4,333
Total income reductions	113	927	7,447

This gives a total impact as follows:

	March 2020	April 2020	Full Year 2020-21
	£000	£000	£000
Expenditure pressures	10	61	266
Income reductions	113	927	7,447
TOTAL IMPACT	123	988	7,713

It should be emphasised that these figures are simply our best estimates at this stage. The return to MHCLG required us to express a level of confidence in the accuracy of the estimates – red, amber or green. These estimates have an ‘amber’ level of confidence.

2.19 The figures for expenditure pressures and income reductions have been prepared in close liaison with other authorities in Kent and Medway. Across the whole of Kent and Medway, the projected additional expenditure for the full year is £126 million and the projected income reduction is £261 million. Note that the upper tier authorities – Kent County Council and Medway Council – bear the biggest burden of additional expenditure, given their social care responsibilities, which involve increasing the amounts paid to providers, procuring PPE to support existing vulnerable clients, and dealing with the increased client numbers being discharged into social care. Meanwhile, districts are more vulnerable to loss of income.

2.20 MHCLG have asked for these figures to be updated on a regular monthly basis. The updates will also be reported to Members.

Government support for local government

- 2.21 The position set out above is replicated for local authorities across the country. In response, central government initially allocated £1.6 billion of funding to support local government, most of which went to upper tier authorities. Maidstone's allocation was just £57,000.
- 2.22 A further £1.6 billion was announced by the Secretary of State for Housing, Communities and Local Government on 18 April. The distribution between authorities has not been announced at the time of writing. There was extensive lobbying by District Councils about their relatively meagre allocations from the first tranche of funding, so it is to be hoped that we will receive more than £57,000. However, it is clear that the amount we will receive will in no way cover our expected losses.

Use of Reserves

- 2.23 The Council holds reserves to protect it against eventualities such as this, albeit that the impact of the pandemic is greater than was ever anticipated. The Council sets a minimum level of reserves of £2 million, which is plainly inadequate in the current circumstances.
- 2.24 In the event, the level of reserves currently held is well in excess of the £2 million minimum. When setting the budget in February 2020, an unallocated general fund balance of £8.4 million was projected as at 31 March 2020. A further £4.6 million of balances were due to be earmarked for a range of purposes, including the Local Plan Review, schemes funded from the Business Rates Retention Pilot/Pool, and Homelessness initiatives, giving a total of £13.0 million.
- 2.25 The actual figures will not be known until the accounts for 2019/20 are closed. Prior to the onset of the pandemic, it was anticipated that the outturn would be broadly in line with the projected figures.
- 2.26 Whilst the projected financial impact of the pandemic as shown above is clearly only a very early estimate, and cannot be relied upon, if the impact is as projected, namely £7.7 million, then the Council has adequate resources to meet the expected expenditure. The Section 151 Officer is not therefore obliged to report that expenditure is likely to exceed the resources available. However, it can be seen that almost all of the unallocated general fund balance of £8.4 million would be used up.

Cash Flow

- 2.27 The Council's cash position is subject wide income fluctuations, whilst most of our outlays are fixed. This position has been mitigated somewhat by the action taken by central government to defer collection of their share of business rates (see paragraph 2.13 above). Nevertheless, we are seeking to minimise our risk by maintaining cash investment in as liquid a form as possible. Cash balances as at 16 April amounted to £15.6 million (excluding monies held for distribution as business grants), which is expected to be adequate on the basis of the projected additional expenditure and income shortfalls outlined above.

Capital Programme

2.28 A Capital Programme was agreed by Council at its meeting on 26 February 2020. The Capital Programme totals £108 million over five years and includes a number of major schemes intended to achieve the Council's long term strategic objectives.

2.29 The schemes within the capital programme met the tests set out in the Prudential Code, in other words they were considered to be affordable on the basis of the returns generated and the capacity of the revenue budget to support any borrowing required. At this stage, decisions about the progress of individual schemes within the capital budget are being made on a case by case basis. The position in relation to key schemes for delivery in 2020/21 is as follows:

- Brunswick Street / Union Street – work currently on hold, but as the schemes are substantially complete it is proposed to progress with these schemes once the contractor is able to proceed
- Kent Medical Campus – work currently under way; ERDF funding remains available to support this scheme
- Lockmeadow – contribution to refurbishment of cinema and landlord works – see separate report on this agenda
- Mote Park dam – work required for health and safety reasons – work currently planned to proceed in Summer 2020
- Mote Park Visitor Centre and Estate Services Building – on hold.

3 AVAILABLE OPTIONS AND PREFERRED OPTION

3.1 Report is for noting only.

4 RISKS

4.1 This report sets out a summary of the Council's financial position at the time of writing. The figures included are subject to a very high degree of risk and uncertainty, given the circumstances. Whilst these have been considered to the extent possible, the position remains very unclear. Members will be kept up to date as events unfold.

5 NEXT STEPS

- 5.1 It is proposed to update Members at each subsequent meeting of Policy and Resources Committee on the financial position as it develops. It will however be evident from the information presented above that action needs to be taken as a matter of urgency to mitigate the financial losses that the Council faces. Accordingly, officers are working on a series of interim measures to address this.
 - 5.2 It is very clear that recovery from the pandemic will be a lengthy and difficult process. The Council, with its central role in the life of the local community, has a vital part to play in this, and is developing a strategy for recovery. This will link to work being carried out at a Kent-wide level.
 - 5.3 Both recovery from the pandemic and mitigation of the losses that we face will have major strategic impacts, and will require a review of our strategic priorities. Normally the Committee would consider the scope of any proposed changes to the five year Medium Term Financial Strategy at its meeting in July. This would have been a significant discussion in any case, given the proposed changes to the local government funding regime in 2021/22. It is now even more likely that a major re-casting of the MTFs will be required. It is suggested that in July there will be sufficient greater clarity about the nature of the recovery of the pandemic to use the meeting, currently scheduled for 21 July 2020, to consider the approach to future development for the MTFs.
-

6 REPORT APPENDICES

None.

7 BACKGROUND PAPERS

There are no background papers.

Business Rates Pilot Projects Update

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	None

Executive Summary

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 compared to the £640,000 initially anticipated.

Having originally identified 13 on-off projects to be funded from the FSF totalling £640,000 during 2018/19, this 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.

The committee has received a series of updates on the progress made towards delivery of these projects. This report updates the committee on the position as at 31st March 2020.

The report shows that progress towards the delivery of the agreed projects has continued, with total spend of £453,169 against 2018/19 projects and £157,310 against the additional 2019/20 projects.

Resources of £426,074 are stated by project leads to be required in order to progress the agreed projects. Given the financial position facing the Council, it is proposed that these projects be put on hold until the outturn for 2019/20 is considered at the June meeting of this Committee.

Funding totalling £280,147 has been identified as no longer required due to projects which have been delivered under budget, or which can no longer progress as originally envisaged.

Purpose of Report

Committee members are asked to note the progress made with the identified projects and agree to defer consideration of the proposal to agree funding to complete these projects.

This report makes the following recommendations to this Committee:

1. That the progress towards delivering the projects set out in Appendix 1 be noted.

2. That the proposed carry forward of £426,074 funding, as set out in Appendix 1, be considered at the June meeting of 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.

Timetable	
<i>Meeting</i>	<i>Date</i>
Policy & Resources Committee	24 January 2018
Policy & Resources Committee	28 March 2018 (approval of 2018/19 projects)
Policy & Resources Committee	24 July 2018 (update)
Policy & Resources Committee	23 January 2019 (update)
Policy & Resources Committee	24 April 2019 (update)
Policy & Resources Committee Member Briefing	13 June 2019
Policy & Resources Committee	26 June 2019 (approval of 2019/20 additional projects)
Policy & Resources Committee	23 July 2019 (update)
Policy & Resources Committee	Committee 23 October 2019
Policy & Resources Committee	22 January 2020
Policy and Resources Committee (virtual meeting)	29 April 2020 (update)

Business Rates Pilot Projects Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will continue to improve the Council's ability to achieve its corporate priorities (with each individual project tailored and focussed on a minimum of at least one of the Strategic Plan's four objectives).	Ellie Dunnet, Head of Finance
Cross Cutting Objectives	The projects in the report support the achievement of the Council's cross-cutting objectives (e.g. the "Go Green, Go Wild" project will help to ensure that "Biodiversity and Environmental Sustainability is respected").	Ellie Dunnet, Head of Finance
Risk Management	See Section 5 below.	Ellie Dunnet, Head of Finance
Financial	Financial implications are detailed within the report.	Ellie Dunnet, Head of Finance
Staffing	The delivery of some of the projects in the report requires the recruitment or procurement of additional staff resources. In recognising that the funding source does not form part of the Council's core funding and is 'one-off' in nature, the financial risk is being balanced through the recruitment of temporary posts and/or alternative ways of procuring additional staff resources (e.g. through flexible working by existing members of staff).	Ellie Dunnet, Head of Finance
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 identified.	Ellie Dunnet, Head of Finance
Equalities	Where relevant, Equalities Impact Assessments (EIAs) have been carried out for individual projects.	Equalities Officer
Public Health	A number of Business Rates Retention Pilot projects are having a positive impact on the population's health or that of individuals.	Ellie Dunnet, Head of Finance
Crime and Disorder	A range of projects could have an indirect impact on crime and disorder (e.g. community and development-related initiatives often include 'in-built' positive crime and disorder 'spin offs'). More directly, the Domestic Abuse Awareness project is directly aimed at reducing a specific area of crime.	Ellie Dunnet, Head of Finance

Procurement	The procurement of services in the course of delivering the projects will continue to be undertaken in accordance with the Council's Procurement Procedure Rules.	Ellie Dunnet, Head of Finance
--------------------	---	-------------------------------------

2. INTRODUCTION AND BACKGROUND

- 2.1 Members of the Committee will recall that the Kent Business Rates Pool (joined by Medway, Dover and Sevenoaks) was successful in a bid to become a 100% Business Rate Retention (BRR) pilot for 2018/19, meaning that 100% of Business Rates growth could be retained in the area, with the Government Levy requirement removed completely.
- 2.2 Locally it was decided that additional income generated from Business Rates growth was to be split 70:30 between a Financial Sustainability Fund (FSF) and a Housing and Commercial Growth Fund (HCGF). This report concerns the FSF.

Financial Sustainability Fund (FSF): Original Allocation

- 2.3 The overall FSF is shared between Pool/Pilot members (to spend as they wish) comprising a basic allocation, enhanced by relative population and historic Business Rates growth.
- 2.4 The original Maidstone Borough Council share of the FSF assumed for 2018/19 was £640,000. Consequently – in March 2018 – the Policy and Resources Committee agreed to fund 13 one-off projects aimed at enhancing the Council's strategic objectives. The agreed projects and amounts allocated are summarised in table 1 below:

Project	Funding
Go Green, Go Wild	£90,000
Housing First and Rough Sleepers	£80,000
Regeneration Opportunity Areas	£80,000
Predictive Analytics and Preventing Homelessness	£80,000
Members' Community Grant	£60,000
Property Asset Review	£55,000
Housing Delivery Partnership	£40,000
Maidstone Housing Design Guide	£40,000
Maidstone Business Capital of Kent - marketing strategy	£35,000
Data analytics for inclusive growth	£35,000
Electric Vehicle Charging Points	£20,000
Staplehurst Village Centre Masterplan	£15,000
Bus Station Improvement - Feasibility Study	£10,000
	£640,000

Table 1: 2018/19 Projects to be funded from the business rates pilot Financial Sustainability Fund.

- 2.5 The table attached at Appendix 1 to this report sets out, for each project, the amounts spent against the sum allocated in both 2018/19 and 2019/20, the budget remaining and, where relevant, details of any proposed carry forward of resources into 2020/21 or budget no longer required. There are also comments from the lead officer for each

project which summarise the status of the project, and provide justification for any proposed carry forward of resources.

- 2.6 The table within Appendix 1 shows that of the total funding allocation of £640,000, £453,169 (71%) had been spent at 31 March 2020 (this comprises total spending of £301,886 for 2018/19 and £151,283 for 2019/20). 7 of the 13 projects are now complete, and for the remaining 6, carry forward of resources totalling £110,046 into 2020/21 has been requested in order to deliver commitments made against the project objectives.

Financial Sustainability Fund (FSF): Additional Projects

- 2.7 As previously reported to this Committee, the level of Business Rates retained in 2018/19 consistently exceeded expectations throughout the year, with the MBC share of the FSF eventually reaching £1,130,000 by year end, rather than the original assumption of £640,000. The FSF shares for all Pool members was bolstered by the savings realised as a consequence of the 'nil Levy' requirement for 100% Pilot schemes.
- 2.8 The enhanced FSF allocation for MBC provided an opportunity to fund additional one-off projects in further support of the Council's strategic priorities, including potentially new priorities contained within the updated Strategic Plan (2019-2045) adopted in February 2019.
- 2.9 At its meeting on 26th June 2019, Policy and Resources committee approved 16 additional projects with a combined total value of £676,700. This total exceeded the FSF surplus by £167,700, therefore the committee subsequently approved the allocation of the additional funding required from the 2018/19 revenue budget surplus and unused Business Rates Pool Safety Net at its meeting on 23rd July 2019. The additional agreed projects and amounts allocated are summarised in table 2 below:

Project	Funding
Lower High Street Master Plan	£80,000
Phoenix Park Regeneration	£75,000
Arterial Route Improvements	£74,000
Inclusion Through Enterprise	£67,500
Archbishop's Palace Options	£60,000
Cycle Parking Infrastructure	£60,000
Urban Trees	£50,000
Climate Change Commission	£40,000
Floodlighting for Jubilee Field	£36,000
CCTV Live Monitoring	£30,000
Conservation area plans	£24,000
'A Sense of Place'	£22,000
Go Green Go Wild (Y2)	£20,000
St Philips Community Centre	£17,000
Invicta Park Planning Guidance	£15,000
Domestic Abuse Awareness	£6,200
	£676,700

Table 2: 2019/20 Projects to be funded from the business rates pilot Financial Sustainability Fund.

2.10 Appendix 1 summarises the financial position as at 31 March 2020 on the additional (2019/20) projects.

2.11 The table within Appendix 1 shows that of the total funding allocation of £676,700 £157,310 (23%) had been spent at 31 March 2020. Progress against the 16 projects agreed by this committee is summarised below:

- The following projects are either complete, or progressing as planned with funding commitments fully allocated. Carry forwards have been requested for some of these projects where resources are required to fund ongoing commitments such as staff costs:

Arterial Route Improvements
CCTV Live Monitoring
Go Green Go Wild (Y2)
Floodlighting for Jubilee Fields
Climate Change Commission

- The following projects have progressed to a limited degree during 2019/20, although further work is planned for 2020/21, subject to the committee's agreement to carry forward resources. The expenditure projections have been updated for some of the above projects, and where the initial amount allocated exceeds this, the residual budget can be released back into general balances:

Archbishop's Palace options
Phoenix Park regeneration
Inclusion through enterprise
Cycle parking infrastructure
Domestic abuse awareness
St Phillip's Community Centre
Conservation area plans
A sense of place

- The following projects are no longer expected to proceed as initially planned, and resources can therefore be released back into general balances:

Lower High Street Master Plan
Invicta Park Planning Guidance
Urban Trees

2.12 Carry forward of resources totalling £110,046 into 2020/21 has been requested in order to deliver commitments made against the project objectives.

Residual Budgets

2.13 Appendix 1 identifies a residual budget totalling £280,147 which is no longer required to progress the projects previously agreed by this committee.

2.14 At this stage, it is proposed that these amounts be allocated to general balances to support the council's overall financial resilience in response to the current challenge and uncertainty presented by the COVID-19 measures.

3. AVAILABLE OPTIONS

- 3.1 Approve the proposed carry forward of resources into the 2020/21 financial year.
- 3.2 In light of the challenging financial position in which the Council finds itself as a result of the Covid 19 pandemic, the Committee could put the projects for which resources are requested on hold until the position becomes clearer, subject to fulfilling any existing contractual commitments. An opportunity to consider the matter again will arise when the financial outturn for 2019/20 is considered at the Committee's meeting in June.
- 3.3 The committee could elect to return all unspent monies to general balances. This would however mean that there would be no resources to complete the projects concerned.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The option set out at 3.2 above is preferred, as it leaves open the opportunity to proceed with these projects, but is a more prudent course of action than the first option given the current financial position.
-

5. RISK

- 5.1 As with any projects, those described in this report 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 will be put in place for all the projects, to ensure that they deliver within budget and to the agreed timetable; and
 - Post project reviews will be carried out to evaluate the outcomes and to derive any lessons learned from the projects.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Following the conclusion of a member consultation exercise – on 28th March 2018 – the Policy and Resources Committee approved the original funding of 13 (one-off) BRR projects with a total value of £640,000 from the Financial Sustainability Fund.
- 6.2 The Policy and Resources Committee received an update report on progress on the BRR initiative on 24th April 2019, which indicated that Business Rates growth had exceeded expectations and that additional resources would be available to fund additional projects in 2019/20.
- 6.3 All councillors were invited to attend a Briefing on 13th June 2019 to consider a short-list of project bids for additional resources of £509,000. Feedback from that Briefing was used to inform the content of a further report (recommending a further 13 projects) to the Policy and Resources Committee on 26th June 2019.
- 6.4 The Policy & Resources Committee held on 26th June 2019, approved funding for all 13 projects (subject to reduced funding for one project – “Arterial Route

Improvements/A20”), along with three further projects, that were proposed and debated during the meeting.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 If the proposed recommendation is agreed, Committee will review the position at its meeting in June.
-

8. REPORT APPENDICES

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

- Appendix 1: Business Rates Pilot Projects as at 31.3.2020
-

9. BACKGROUND PAPERS

None

APPENDIX 1 - BUSINESS RATES PILOT PROJECTS - STATUS AS AT 31.03.2020

Original allocation	Spent to date		Unspent	C/f requested	Not required
	2018/19	2019/20			

2018/19 PROJECTS

Go Green, Go Wild	£90,000	£8,554	£61,243	£20,203	£20,203	£0
Housing First and Rough Sleepers	£80,000	£0	£5,715	£74,285	£0	£74,285
Regeneration Opportunity Areas	£80,000	£73,000	£7,000	£0	£0	£0
Predictive Analytics and Preventing Homelessness	£80,000	£55,226	£24,775	£0	£0	£0
Members' Community Grant	£60,000	£60,000	£0	£0	£0	£0
Property Asset Review	£55,000	£42,500	£0	£12,500	£10,000	£2,500
Housing Delivery Partnership	£40,000	£0	£12,500	£27,500	£27,500	£0
Maidstone Housing Design Guide	£40,000	£18,244	£5,603	£16,153	£16,153	£0
Maidstone Business Capital of Kent - marketing strategy	£35,000	£30,420	£4,580	£0	£0	£0
Data analytics for inclusive growth	£35,000	£3,583	£9,867	£21,550	£21,550	£0
Electric Vehicle Charging Points	£20,000	£0	£20,000	£0	£0	£0
Staplehurst Village Centre Masterplan	£15,000	£359	£0	£14,641	£14,641	£0
Bus Station Improvement - Feasibility Study	£10,000	£10,000	£0	£0	£0	£0
	£640,000	£301,886	£151,283	£186,831	£110,046	£76,785

2019/20 PROJECTS

Lower High Street Master Plan	£80,000		£0	£80,000	£0	£80,000
Phoenix Park Regeneration	£75,000		£1,588	£73,412	£40,000	£33,412
Arterial Route Improvements	£74,000		£41,804	£32,196	£32,196	£0
Inclusion Through Enterprise	£67,500		£20,145	£47,355	£47,355	£0
Archbishop's Palace Options	£60,000		£10,050	£49,950	£25,000	£24,950
Cycle Parking Infrastructure	£60,000		£0	£60,000	£60,000	£0
Urban Trees	£50,000		£0	£50,000	£0	£50,000
Climate Change Commission	£40,000		£16,741	£23,259	£23,259	£0
Floodlighting for Jubilee Field	£36,000		£36,000	£0	£0	£0
CCTV Live Monitoring	£30,000		£30,000	£0	£0	£0
Conservation area plans	£24,000		£0	£24,000	£24,000	£0
'A Sense of Place'	£22,000		£0	£22,000	£22,000	£0
Go Green Go Wild (Y2)	£20,000		£0	£20,000	£20,000	£0
St Philips Community Centre	£17,000		£0	£17,000	£17,000	£0
Invicta Park Planning Guidance	£15,000		£0	£15,000	£0	£15,000
Domestic Abuse Awareness	£6,200		£982	£5,218	£5,218	£0
	£676,700		£157,310	£519,390	£316,028	£203,362

GRAND TOTAL

£1,316,700	£301,886	£308,593	£706,221	£426,074	£280,147
-------------------	-----------------	-----------------	-----------------	-----------------	-----------------