

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 14 October 2009

DELIVERY OF DEVELOPMENT & REGENERATION PROJECTS IN MAIDSTONE

Issue for Decision

To consider the range of funding sources and delivery arrangements for development and regeneration projects including the role of asset management.

Decision Made

1. That, in principle, a long term approach be taken with respect to securing investment for development and regeneration projects and that this should be underpinned by public:private collaboration.
2. That further work be undertaken with respect to the asset portfolio of the authority in order to identify assets for disposal in the short term and assets that could be considered for inclusion in a public:private partnership for the future delivery of development and regeneration projects over the longer term in Maidstone as summarised below and in Appendix 1 to the report of the Director of Prosperity and Regeneration.

Reasons for Decision

In order to achieve the place shaping aspirations expressed in the borough's Sustainable Communities Strategy, current Borough Plan and Regeneration Statement and to meet the test of soundness required for delivery of the LDF Core Strategy, a review of options for delivery of projects and infrastructure has been undertaken. The report of the Director of Prosperity and Regeneration set out the background, summarised the options and recommended the next steps.

Development and regeneration projects are only one of a variety of activities which will demand capital resources in the future. Additionally, it is anticipated that the resources available to the Council through traditional channels, including cash income and government grant and investment programmes, are likely to become more constrained over the period of the medium term financial strategy as overall levels and the distribution of public spending are adjusted. For these reasons the Council also needs to give consideration to increasing its liquid assets in the short term, including, through the disposal of land and property. A balance will need to be struck between short and long term demands for capital assets.

Currently development and regeneration projects are managed and delivered by in-house teams directly or through commissioning of consultants and contractors on a project by project basis (for example Maidstone depot project, High Street public realm project) or through working in collaboration with Kent County Council (particularly with respect to transport and neighbourhood planning projects).

In terms of capital resources the Council is currently debt free, utilising the resources obtained from a housing stock transfer in 2004. The authority has growth point status and, to 2009/10, has received £8m in grant. However the Department for Communities and Local Government has advised that the indicative allocation of capital funding of £2.5M for 2010/11 will be reduced by around 56% to £1.1M; consultation is underway but advice from ministers suggests that this position is unlikely to change as funding has been redirected to other programmes. The authority also has a range of other capital assets; the capital resources available for 2009-12 include assets identified as surplus for resale to an estimated budget level of £34m. The Council's treasury management strategy and prudential indicators identify maximum borrowing of £4m in the period to 2011/12. The medium term financial strategy identifies a need to find compensating savings to support borrowing of £2m by the end of 2010/11 and assumes further borrowing of £2m in 2011/12 but has not identified compensating savings to support this. In addition two major schemes in the capital programme – the Museum East Wing Extension and Mote Park - have external heritage funding.

The Cabinet agreed a capital schemes programme in May 2009. This programme and the associated funding streams are under review as a consequence of changes to growth point capital grant and assets disposals. This will be considered integrally with the revenue budget planning process as part of formulating the Council's Medium Term Financial Strategy for 2010 onwards.

The Council's key objectives with respect to development and regeneration are summarised below:

- Long term economic sustainability of the borough and in particular Maidstone town centre
- Greater control over development and regeneration opportunities in the borough than would be achieved through responding to piecemeal approaches from the market; this to include proactive development or regeneration of key sites and as part of the identification of "quick win" projects
- Delivery of infrastructure arising from current and future needs as identified in the South East Plan, LDF Core Strategy and Growth Point Programme of Development including transport
- Delivery of housing targets including affordable housing and tackling the perception and reputation of particular residential areas eg Parkwood and tower blocks in the town centre
- Delivery of Neighbourhood Management Action Plans
- Achievement of benefits for the Council and its public sector partners from the development process and not just from the sale of land and property under their control

- Maximise resources and funding opportunities for the Council
- Diversify, expand and optimise the Council's property portfolio
- Improvement to the environment of the borough

Lack of investment resources over the medium to long term represents a fundamental barrier to achieving the Council's aspirations for regeneration, delivery of the enabling infrastructure needed to achieve sustainable community development as envisaged in the SCS and LDF (transport, housing, social infrastructure) and satisfying the "test of soundness" essential for adoption of the Core Strategy. Funding mechanisms for unlocking "growth" include established and emerging options including:

- LABGI – Local Authority Business Growth Incentive scheme
- Business Rate Supplement
- S106 – site orientated contributions/ Strategic Planning Tariff
- Community Infrastructure Levy
- Regional Infrastructure Funds
- Accelerated Development Zones/Tax Increment Financing
- Other forms of local taxation e.g. work place parking levy
- Public-private partnerships

In the current economic downturn there is uncertainty about how some of these mechanisms will operate and when some of them will be available. There is concern that Business Rate Supplement and Community Infrastructure Levy will not be sufficient to cover the cost of infrastructure needed to support development and regeneration. The recession has reduced cash flow from some key areas e.g. S106 and raised uncertainties about government investment e.g. Growth Point. Policy and regulation changes are likely to increase development costs at least in the short term while the market adjusts e.g. building to the higher levels of the Code for Sustainable Homes and this in turn will impact on the scope for securing contributions from future development. The LDF Core Strategy will need to be supported by an Infrastructure Delivery Plan. The approach to securing infrastructure needs to be complementary to the delivery mechanisms used to secure the development and regeneration projects which will result in place shaping for the future e.g. in the town centre.

The scale of investment required and the current economic landscape suggest that a mix of funding tools and partners are needed to deliver investment and, potentially, generate long term economic gains for the Council (or ultimately the treasury). One strand of a strategy to address the need to generate resources for investment through the council's own efforts is the contribution that can be secured from its existing assets both now and on an on-going basis. It is suggested that examining these options now is timely because of the contribution needed for the Core Strategy infrastructure delivery plan and because of the risks of future constraints as the government develops its response to the impact of the credit crunch on public sector resources.

Appendix 1 sets out a brief summary of the broad options available. Public:public partnership is an additional option. However, discussion with SEEDA suggests that investment resources available through this route are heavily constrained and that Maidstone would not be a high priority

location for either single project investment or a significant scale package of projects. Hence it is suggested that further consideration of this option would be unlikely to be fruitful. All the options set out in Appendix 1 to the report of the Director of Prosperity and Regeneration have merit; making a choice about the predominant model to be followed is dependent on the time horizon employed ie predominantly short or long term. It is recommended that, on balance, a long term investment strategy would result in more sustainable use of resources and that in principle the timing for testing the market is appropriate because the council has a recently adopted the Sustainable Communities Strategy (ie clarity about how the community wants to see Maidstone develop and improve) and a package of infrastructure development required for the LDF.

However, before making any decisions on precisely what to do in terms of using property assets as a means of facilitating development and regeneration projects it is recommended that there needs to be a review of the Council's portfolio and, with respect to public:private partnership options, a soft market test of the attractiveness of the portfolio and the council as a partner.

Alternatives considered and why rejected

The Council could continue with its current arrangements for generating and applying resources for development and regeneration projects. There is a significant risk that this will not deliver the scale of resources needed for the authority's place shaping aspirations or the infrastructure needed to support the LDF. Hence it was recommended that the range of delivery arrangements is fully explored.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Overview & Scrutiny and Policy Manager by: 23 October 2009

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 14 October 2009

COMMUNITY ASSET TRANSFER STRATEGY

Issue for Decision

To consider the draft Community Asset Transfer Strategy attached as Appendix A to the report of the Assistant Director of Resources and Partnerships.

Decision Made

That the Community Asset Transfer Strategy be approved.

Reasons for Decision

The policy background to the principles of community asset transfer is laid out in sections 4 and 5 of the draft strategy. A brief summary of the most important elements is outlined below:

National Policy

The 2006 Local Government White Paper confirmed the Government's intention to increase opportunities for community asset ownership and management and promoted asset transfer as part of a local authority's 'place-shaping' role. A review was commissioned to see how this could be expedited.

The 'Quirk Review's findings in Making Assets Work were published in May 2007. All the review's recommendations were accepted by the Government and published a week later as an implementation plan in Opening the transfer window : the Government's response to the Quirk Review.

The Quirk Review found that a careful increase in the community's stake in an asset can bring a wide range of additional benefits for the community, the organisation receiving the asset and the local authority facilitating the transfer. The benefits of community ownership and management can outweigh risks and opportunity costs.

The Government's Empowerment Action Plan published in 2007 includes actions relating to the transfer of assets and to a programme of support including the availability of further support funding.

In July 2008 the White Paper Communities in Control: real people real power confirmed ongoing support for the Quirk review, announced the establishment of a national Asset Transfer Unit, extended the Advancing Assets programme by a further year and announced a £70mn "community builders" fund. A number of capital bids from those organisations who had existing asset management transfer strategies were successful.

Council Policy

The council is committed in the Sustainable Community Strategy to using council assets, land and property, to enable the delivery of the Sustainable Community Strategy's vision for the borough. The Asset Management Plan (2008-2011) has a number of strategic objectives which are directly relevant to asset transfer including ensuring that the council's asset portfolio supports the delivery of its services and objectives, that it meets the challenge of working in an environment of change, and that it ensures that all assets are demonstrably managed in the most economic, efficient and effective manner.

In addition the Asset Management Plan identifies involving partner organizations as part of the options appraisal process, where the future use or disposal of property or land which is surplus to requirements is being considered. The plan states that "future management of community halls (*should be pursued*) in line with the Quirk Review of community management and ownership of public assets". The plan commits the council to adopting an approach of greater community management of such assets, within the framework of appropriate lease arrangements and service level agreements and aided by a supportive framework for training and guidance delivered by the council.

The council was successful in its application for stage 2 funding under the Quirk Review (see above) to provide specialist support to help develop a community asset transfer strategy. It is considered that should there be a further round of funding available from the Government to facilitate community asset transfer that the council would be in a good position to make a successful bid. Such a bid could focus on funding for asset improvement to facilitate transfer in respect of Heather House and/or Fant Hall, as outlined in the Asset Management Plan. The likelihood of a second round of this funding is at present unknown.

The Community Asset Transfer (CAT) Strategy and Process

The draft CAT strategy and process is attached as Appendix 1 to the report of the Assistant Director of Resources and Partnerships and is accompanied by an assessment toolkit (attached as Appendix 2 to the report of the Assistant Director of Resources and Partnerships) and a guide to the process for organizations in the voluntary and community sector (attached as Appendix 3 to the report of the Assistant Director of Resources and Partnerships). The strategy also sets out the process which commits the council to an audit of all existing community facilities whether owned /operated by the council, other public bodies or third sector organizations, and to the development of a set of standards for community halls.

Action with Communities in Rural Kent (ACRK) was commissioned by the council in May to establish the numbers, location, lease type and financial state of the community halls within the borough, and to point to examples of management practice that might be shared, as the first step in this process and more broadly to establish a strategy and framework for delivering community hall provision.

Further information on the state of community-owned buildings will be available in late 2009/early 2010, when the results of the ACRE National Village Halls Survey are known. This survey, conducted every 10 years, examines provision of services, car parking, facilities and other information provided by each hall and this should provide more detailed information to help the council perform the audit and to develop the standards referred to in the draft Community Asset Transfer (CAT) process.

Review of community Halls

A report regarding a strategy for community hall provision has been considered separately. It is intended to carry out a review of all community halls in the borough with the aim of developing a set of consistent standards in respect of them, reporting to Cabinet in Spring 2010.

Officers attended a meeting of the Environment and Leisure Overview and Scrutiny Committee on 22 September to discuss the Asset Transfer Strategy. The Committee were supportive of the aims of the strategy but requested that careful consideration be given to the issue of overage in respect of any freehold transfer by the Council: this would result in the Council being entitled to receive a sum of money should the site subsequently be redeveloped.

Alternatives considered and why rejected

It would be possible either to adopt an alternative community asset transfer strategy or not to have such a strategy at all. This strategy however has been drawn up with specialist input provided by Government, is based on best practice and has involved discussions with stakeholders in its preparation. The council requires a community asset transfer strategy as a framework to achieve greater community management of its assets

Background Papers

None

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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 14 October 2009

REVIEW OF COMMUNITY HALLS IN THE BOROUGH

Issue for Decision

To consider the review on community halls in the borough, commissioned by the council as an initial step towards an audit of all such halls in the borough.

Decision Made

1. That a review of community halls in the borough be undertaken in order to establish a strategy and framework for delivering community hall provision, that achieves the objectives of a balanced budget in respect of the council's funding of community halls and an appropriate and sustainable network of good quality community facilities across the borough based on equity of provision.
2. That the decision on how to close the funding gap in respect of the council's community halls be deferred until the full audit be agreed.

Reasons for Decision

The council's community halls are currently incurring a funding gap of approximately £30,000. This is likely to be brought down to £13,000 in 2010/11 once the proposed lease of Senacre Hall to Kent County Council as a skills studio is successfully concluded. Following an options report to Cabinet in February 2009 and a call-in by the External Overview and Scrutiny Committee, it was agreed that a review of community halls in the borough be carried out in order to establish the current position of community halls, their locations, lease arrangements, a snapshot of their operating financial position and examples of best practice which might be shared. The council's draft community asset transfer (CAT) process refers to the need to audit existing community buildings and the commissioned report was also intended to provide the first step in this process and more broadly to establish a strategy and framework for delivering community hall provision. The council commissioned Action for Communities in Rural Kent (ACRK) to produce this report and a copy is attached as Appendix A to the report of the Assistant Director of Customer Services and Partnerships.

As recommended in the ACRK report, a full audit and review of all community halls in the borough will be carried out, with the aim of developing a set of consistent standards in respect of them, reporting to Cabinet by spring 2010. This will provide a mechanism to remodel and consolidate provision in order to achieve greater economies of scale, create potential for sustainability and establish a closer link between provision and community need. Data relating to community halls will be mapped against local populations and settlements using the council's GIS system. Information will include internal facilities and condition, geographical reach, range and breadth of activities and community support, and communities and community subsections served. This process will enable the council to make strategic decisions in respect of the management and development of its community assets and to ensure it is providing value for money.

Officers were invited to attend a meeting of the Environment and Leisure Overview and Scrutiny Committee on 22 September to discuss the ACRK report. The Committee reviewed and discussed the proposals regarding the review and did not take up the offer to participate in or contribute to the proposed review.

Alternatives considered and why rejected

It would be possible to make a decision on how to close the funding gap in respect of the council's community halls independently of a full audit and review and the development of a set of standards. However, it is considered that a more effective strategic decision can be made following an audit and review which will establish a strategy and framework for delivering community hall provision. The community asset transfer (CAT) process refers to the need to audit existing community buildings as a prerequisite of any transfer. CAT is one option to help reduce the funding gap.

Background Papers

None

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