

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

**MINUTES OF THE MEETING HELD ON WEDNESDAY 16
SEPTEMBER 2020**

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

Also Present: Councillors Harwood and Munford

29. APOLOGIES FOR ABSENCE

Apologies were received by Councillors Blackmore, Chappell-Tay and Purle.

30. NOTIFICATION OF SUBSTITUTE MEMBERS

The following Members were present as substitute members:

- Councillor Garten for Councillor Blackmore
- Councillor D Rose for Councillor Purle

31. URGENT ITEMS

There were no urgent items.

32. NOTIFICATION OF VISITING MEMBERS

Councillors Harwood and Munford were present as Visiting Members for Item 13 – Strategic Plan Review – Update on Priority Milestones.

33. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

34. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

35. EXEMPT ITEMS

RESOLVED: That Item 15 – Property Acquisition 1 and Item 16 – Property Acquisition 2 be taken in private due to the possible disclosure of exempt information.

36. MINUTES OF THE MEETING HELD ON 21 JULY 2020

RESOLVED: That the minutes of the Meeting held 21 July 2020 be agreed as an accurate record of the meeting and signed at a later date.

37. PRESENTATION OF PETITIONS

There were no petitions.

38. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were three questions from members of the public.

Question from Ms Kate Hammond to the Chairman of the Policy and Resources Committee

'In relation to your council-led garden community proposal at Lenham, can the chairman confirm what progress has been made with the principal landowners since 21st July?'

The Chairman responded to the question.

Ms Hammond asked the following supplementary question:

'This is a public funded scheme; this Council has openly said that it's financial situation is critical and the evidence based reports published yesterday detailed how risky the delivery of the Council-Led Garden community is. Given your answer with regard to progress with the landowners, how can the Council justify further spending on this scheme?'

The Chairman responded to the question.

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

'At your meeting of the 29th April and with regards your Heathlands proposal, it was resolved by elected members that a progress report (or update) be provided as a standing item at each future meeting of this Committee. With its apparent absence from this agenda can the chairman give an update summarising any new progress since the last report on the 21st July?'

The Chairman responded to the question.

Question from Ms Gail Duff to the Chairman of the Policy and Resources Committee

'In relation to your council-led garden community proposal at Lenham, is the Chairman willing to provide reassurance that it is within the Council's gift to deliver the promised first 1,400 homes of the scheme by 2038, as offered to the Local Plan Review?'

The Chairman responded to the question.

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

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

<https://www.youtube.com/watch?v=csgUoArt0Q>

39. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

40. COMMITTEE WORK PROGRAMME

RESOLVED: That the Committee Work Programme be noted.

41. STRATEGIC PLAN REVIEW - UPDATE ON PRIORITY MILESTONES

The Chief Executive introduced the report, with the review and revision of the priority outcomes for the period 2021-2026 as the first step of the wider strategic plan review process. Further reports would be presented to the Committee later in the year, which would include a report on the full consideration of the Covid-19 pandemic. These reports would be informed by two consultation processes with the public and Members, that concerned the experienced and lessons learned from the pandemic. The effects of Covid-19 on the local community and the Council's resources has been significant.

The Chief Executive highlighted that Appendix 1 to the report summarised the feedback received from individual Members and political groups on the existing milestones that had been adopted for implementation between 2019-2024. It was noted that the Chair and Vice-Chair of each service committee had been consulted on the issues raised.

The Committee were asked to provide feedback on the scope of the report, and whether any additional considerations needed to be raised. Officers would then develop the proposals, providing advice, and options where appropriate, on the issues identified. The Chairs and Vice-Chairs of the service committees would continue to be consulted.

The Committee expressed concern that if Climate Change was made a cross-cutting issue, there would be less impetus on officers to consider the issue. The Committee also felt the expertise provided by the role of the Biodiversity and Climate Change Officer would be crucial to delivering the action plan, particularly to leverage in funding through Biodiversity and Climate Change grants and funds. It was noted that the Go Green Go Wild Campaign funding was time-sensitive and secured as a singular payment through the Business Rates Retention Scheme.

RESOLVED: That

1. The content of the report be noted and that feedback on the assessment and conclusions drawn from Member consultation on Council priorities to date, be provided;
2. The feedback from Members concerning capital investment in section 2.9 of the report be noted, and that this forms the basis for officers to develop proposals for further development of the capital strategy and programme and for future organisational roles and arrangements, and to report back to subsequent meetings of the Committee, be agreed;
3. The context for place shaping and economic development as set out in the report be noted, and that the service review briefly described at paragraph 2.15 of the report, be agreed;
4. The issues which need to be addressed concerning the Council's role in community resilience as referred to in paragraph 2.19 of the report be noted, and that a report concerning a protocol be progressed initially via the Communities, Housing and Environment Committee;
5. The Council initiates dialogue with the Business Improvement District concerning current challenges and future investment in the town centre, be agreed;
6. Officers, working at pace with the Communities, Housing and Environment Committee, will review the scope of work undertaken and resources allocated to the community safety unit, be agreed;
7. The direction of travel on modernising the arrangements at the museum is now more modest and focuses on making the best use of existing spaces, be agreed;
8. The Economic Regeneration and Leisure Committee review the contribution of the Hazlitt to the town centre economy and consider options for its sustainability, with the findings to be reported to this Committee, be agreed;
9. The reduction of the priority of raising resident satisfaction with cleanliness, to maintaining it, be agreed;
10. The reference to individual projects are removed from areas of particular focus in the Strategic Plan, be agreed; and
11. Climate Change becomes a cross cutting issue for all services to consider proactively and that an officer is required to lead this work and be proactive in finding funding streams to complement the Council's commitment, be agreed.

42. FIRST QUARTER FINANCIAL UPDATE

The Director of Finance and Business Improvement introduced the report which included a Risk Update shown in Appendix 3 to the report at the request of the Committee following its June 2020 meeting. The impact of Covid-19 on the revenue budget shown in Appendix 1, with some mitigation achieved through the projected underspend on interest costs from a reduction in borrowing to fund the Capital Programme. The projected overspend for the current financial year was £3million. The Council was in the process of applying for a government scheme that would fund up to 75% of the income loss experienced from Sales, Fees and Charges. The current financial situation could be affected by a resurgence in Covid-19.

The major projects arising from the Capital Programme that included work to Brunswick Street, Union Street and the Innovation Centre would continue. In reference to Appendix 3 to the report, a higher level of risk had been attributed to the EU transition due to the threat of a No-Deal Brexit. The risk associated with poor partner relationships had been reduced due to the Council's performance with its' partners and specifically the Parish Councils during the Covid-19 pandemic and lockdown period.

The Head of Policy, Communications and Governance highlighted that one of the three strategic indicators did not reach the first quarter target but was within 10% of the target. A total of 26 targetable indicators were reported to service committees, of which six did not achieve the target set, with four of these sat under the 'A Thriving Place' strategic priority, and had been impacted heavily by the coronavirus pandemic and the lockdown period.

The number of affordable homes missed the target by 12 homes which was a direct result of the pandemic as site operations were forced to close temporarily. The construction work has now resumed with Covid-19 measures in place and would take longer to complete.

RESOLVED: That

1. The Revenue position as at the end of Quarter 1 for 2020/21, including the actions taken or proposed to improve the position, where significant variances have been identified, be noted;
2. The Capital position at the end of Quarter 1 be noted;
3. The Performance position as at Quarter 1 for 2020/21, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted; and
4. The Risk Update, attached at Appendix 3 to the report, be noted.

43. PROPERTY ACQUISITION 1

The Housing Delivery Manager introduced the report and referenced the Housing Development and Regeneration Investment Plan that was agreed by the Committee in July 2017.

The Committee were informed that of the properties, 12 would have two bedrooms and 2 would have one bedroom and parking facilities were available for all properties. Upon completion, the properties would be managed by Maidstone Property Holdings Ltd (MPH). The predicted internal rate of return calculated on the total Net Market Rental Income meets the financial hurdle rate set for such investments.

Several Members of the Committee expressed doubt in the suitability of the proposed acquisition as they felt that the investment may not necessarily bring about new supply of housing in the market place, as they were homes that would otherwise be available for market sale. Concerns were raised about the lack of social and affordable housing provided and it was clarified that this investment was in accordance with the agreed investment plan which did include affordable housing on other sites.

The Committee considered the investment opportunity and predicted income generated for the Council, as opposed to other methods of increasing income that included an increase in fees and charges and Council Tax. The Committee felt that as the Council's housing company, Maidstone Property Holdings would become the landlord, it would be in a strong position to offer tenancy longevity and a high-quality service.

RESOLVED: That

1. The financial returns for the scheme shown at Exempt Appendix 2, which support the Housing Development and Regeneration Investment Plan, be noted;
2. The Director of Finance and Business Improvement be granted delegated authority to enter into a land transaction and development agreement with the developer, together with any related appointments, legal actions, deeds and agreements which may be required to facilitate the purchase;
3. The Head of Mid-Kent Legal Services be authorised to appoint the Solicitors required to complete the necessary contract documentation, heads of term, deeds and agreements associated with the purchase on the terms as agreed by the Director of Finance and Business Improvement;
4. The Director of Finance and Business Improvement be granted delegated authority to appoint a management organisation on agreed terms to manage the property and the market rental apartments and to procure and award such contracts for any

services, including repairs and maintenance contracts as necessary;
and

5. The Director Finance and Business Improvement be granted delegated authority to grant such lease(s) of the Property as necessary on terms to be agreed, and authorise the completion of such lease(s) and all ancillary deeds and agreements and the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease(s) in due course.

44. PROPERTY ACQUISITION 2

The Housing Delivery Manager introduced the report and noted that the properties under consideration were two-bedrooms in size, with parking facilities and private rear gardens, to be let at market rent rates. If purchased, the properties would be leased to Maidstone Property Holdings Limited (MPH). The predicted internal rate of return, calculated on the total Net Market Rental Income meets the financial hurdle rate set for such investments. The properties were well situated in terms of access to local amenities, and the advice received from agents had indicated that a good level of demand for the properties would be achieved as a result.

The Committee considered the scheme's viability, the purchase price and concern with purchasing properties initially intended for market sale. It was confirmed that the discounted purchase price was based on the Council's own valuation advice rather than through the developer's assumed values.

In response to questions it was confirmed that once transferred to MPH a suitable pet policy would be chosen as this was already being discussed by the company. The fees shown within Appendix 2 of the report would be a one-off payment.

The potential for implementing provisions that promoted the let of the properties to local residents, in the first instance, was discussed. It was noted that that officers would explore a local lettings policy for some of the MPH housing portfolio.

RESOLVED: That

1. The financial returns for the scheme shown at Exempt Appendix 2, which support the Housing Development and Regeneration Investment Plan, be noted;
2. The Director of Finance and Business Improvement be granted delegated authority to enter into a land transaction and development agreement with the developer for the sums given in Appendix 2, together with any related appointments, legal actions, deeds and agreements which may be required to facilitate the purchase;

3. The Head of Mid Kent Legal Services be authorised to appoint the Solicitors required to complete the necessary contract documentation, heads of terms, deeds and agreements associated with the purchase on the terms as agreed by the Director of Finance;
4. The Director of Finance and Business Improvement be granted delegated authority to appoint a management organisation on agreed terms to manage the Property and the market rental apartments and to procure and award such contracts for any services, including repairs and maintenance contracts as necessary; and
5. The Director of Finance and Business Improvement be granted delegated authority to grant such lease(s) of the Property as necessary on terms to be agreed, and authorise the completion of such lease(s) and all ancillary deeds and agreements and the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease(s) in due course.

Councillor Garten requested that his dissent with the resolution be noted.

45. DURATION OF MEETING

7.00 p.m. to 9. 37 p.m.