

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON 27 JUNE 2018

Present: Councillor Cox (Chairman) and Councillors Mrs Blackmore, Boughton, M Burton, Clark, Field, Garland, Mrs Gooch, Harper, Harvey, McLoughlin, D Mortimer, Newton, Purle and Springett

5. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Perry.

6. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Purle was substituting for Councillor Perry.

7. URGENT ITEMS

There were no urgent items.

8. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

9. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

Note: Councillor Mrs Blackmore entered the meeting during consideration of this item (6.35 p.m.).

10. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

11. EXEMPT ITEMS

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

12. MINUTES OF THE MEETING HELD ON 25 APRIL 2018

RESOLVED: That the Minutes of the meeting held on 25 April 2018 be approved as a correct record and signed.

13. MINUTES OF THE MEETING HELD ON 22 MAY 2018

RESOLVED: That the Minutes of the meeting held on 22 May 2018 be approved as a correct record and signed.

14. PRESENTATION OF PETITIONS

There were no petitions.

15. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

16. COMMITTEE WORK PROGRAMME

Mr Mark Green, the Director of Finance and Business Improvement, updated the Committee on changes to its Work Programme as follows:

Commissioning and Procurement Strategy scheduled for July 2018 and September 2018 – Amend to September 2018.

King Street Housing Development scheduled for July 2018 and December 2018 – Amend to December 2018.

Kent Medical Campus Innovation Centre scheduled for July 2018 – Amend to September 2018.

Medium Term Financial Strategy 2019/20-2023/24 scheduled for October 2018 and **Draft Strategic Plan** scheduled for December 2018 - Amend to November 2018 to enable recommendations on both issues to be made to Council in December 2018.

In response to a question by a Member about the King Street Housing Development, Mr William Cornall, the Director of Regeneration and Place, advised the Committee that the King Street car park site, in the Council's ownership, was allocated for a mixed use development in the Maidstone Borough Local Plan 2017. The viability/deliverability of various development scenarios was being examined.

RESOLVED: That the Committee Work Programme, as amended, be noted.

17. CORPORATE PLANNING TIMETABLE

Mrs Angela Woodhouse, the Head of Policy, Communications and Governance, presented her report setting out proposals in relation to the corporate planning process; in particular, refreshing the Council's Strategic Plan or creating a new one to run concurrently with the Medium Term Financial Strategy for 2019-2024.

Mrs Woodhouse explained that the proposal was to create a new Strategic Plan going beyond the deadline of the current Plan to ensure that the

Council had in place an up to date corporate vision to inform the refresh of the Local Plan and other documents and strategies. The proposed corporate planning timetable was set out in the report and included details of how the Strategic Plan would be developed through the Council's formal governance structure whilst maximising Member engagement and involvement through the use of workshops, the Member sounding board for communications and engagement and the Leaders' Forum.

In response to questions, Mrs Woodhouse confirmed that:

- The reference to the year 2010 in the last line of paragraph 1.2 of the report should be amended to read 2020.
- The Leaders' Forum, comprising the Leaders of each Political Group represented on the Council, was not a decision making body; it was a sounding board like those set up for communications and engagement and office accommodation. It was for the Policy and Resources Committee to decide whether to retain and refresh the current Strategic Plan or to create a new one.

It was proposed and seconded that the corporate planning timetable for the creation of a new Strategic Plan to run concurrently with the Medium Term Financial Strategy from 2019-2024 be adopted subject to the removal of both references to the Leaders' Forum and that if Officers need to take further soundings from Members this should be through sounding boards that are politically balanced. When put to the vote, this motion was lost with five Members voting in favour and 10 against.

RESOLVED: That the corporate planning timetable for the creation of a new Strategic Plan to run concurrently with the Medium Term Financial Strategy from 2019-2024, as set out in paragraph 2.5 of the report of the Head of Policy, Communications and Governance, be adopted.

Voting: 11 – For 4 – Against 0 – Abstentions

18. KEY PERFORMANCE INDICATOR UPDATE QUARTER 4 P&R

Mrs Angela Woodhouse, the Head of Policy, Communications and Governance, introduced the report setting out the Council's performance against the top three priorities for 2017/18: Providing a clean and safe environment; Regenerating the Town Centre; and A home for everyone. It was noted that:

- Overall, 67% of targeted Key Performance Indicators reported this quarter achieved or exceeded their target for quarter 4 and only one indicator was rated as red (Processing of planning applications (minor applications)).
- In terms of providing a clean and safe environment there had been strong performance in relation to street cleanliness and fly tipping. The percentage for recycling had dropped below target for quarter 4, but remained above 50% for the year. The focus remained on

boosting plastic and food waste recycling and the new Waste and Recycling Strategy would be reported to the Communities, Housing and Environment Committee in July.

- In terms of regeneration of the town centre, footfall in the High Street had not met the target for the quarter and the Economic Development Team had commented that there was usually a drop in footfall following the Christmas peak and the figures whilst down on quarter 4 last year were significantly up on quarter 4 the year before. Overall there had been a steady rise in footfall over the course of the year and the annual target had been achieved.
- In terms of a home for everyone, there had been a drop in performance in determining planning applications because of the need to clear a significant backlog. This was being addressed by the Strategic Planning, Sustainability and Transportation Committee. There had been positive performance in housing in quarter 4 with the number of affordable homes delivered above target and the number of households prevented from becoming homeless through the intervention of housing advice above target as well as those housed through the Housing Register.

In response to questions, Mrs Woodhouse explained that:

- The target for the percentage of land and highways with acceptable levels of detritus had increased for 2018/19.
- 47.3% of household waste was sent for reuse, recycling or composting during January and February. The figures for March were still awaited from Kent County Council. She would look into the reasons for the delay and circulate an explanation to Members of the Committee.
- For 2018/19, a Key Performance Indicator had been included to detail the percentage of fly tips cleared within 4 working days in addition to the Key Performance Indicator detailing the percentage of fly tips cleared within 2 working days.

Members wished to place on record their appreciation of performance in relation to the number of households housed through the housing register, homeless preventions and the number of households living in temporary accommodation owned by the Borough Council (with a consequential reduction in temporary accommodation costs).

RESOLVED: That the summary of performance for Quarter 4 of 2017/18 for Key Performance Indicators be noted.

19. BUSINESS RATES - DISCRETIONARY RATE RELIEF SCHEME

Mrs Sheila Coburn, the Head of Revenues and Benefits Shared Service, presented her report relating to the Business Rates Discretionary Rate Relief Scheme and the level of Business Rates Discretionary Rate Relief to

be awarded to certain defined rate payers within the Borough for 2018/19, 2019/2020 and 2020/21.

It was noted that:

- In March 2017, Central Government announced that it would make available a £300m discretionary fund over four years to help Councils support those businesses in their area facing the steepest increases in their Business Rates bill as a result of the 2017 revaluation. It was left to Councils to determine how the fund should be targeted and administered to support those businesses within their area that were in the greatest need.
- The Policy and Resources Committee, at its meeting held on 20 September 2017, gave delegated authority to the Head of Revenues and Benefits to finalise and implement the agreed scheme for 2017/18.
- The funding available for 2017/18 was £287k and the scheme awarded 80% relief of the increase in Business Rates to businesses with a rateable value less than £100k. The number of businesses that benefitted from the funding was 271 which was more than it was originally thought would qualify. However, the amount of relief that was awarded was £175k because the increases as a result of the 2017 revaluation were not as significant as the Government had anticipated.
- The funding for 2018/19 and subsequent years of the scheme would reduce considerably: 2018/19 (£140k), 2019/20 (£57k), and 2020/21 (£8k). It was proposed that relief for 2018/19 and the subsequent two years of the scheme be awarded on a percentage basis to those businesses that qualified in 2017/18 without applications having to be made to avoid delays (Option 2).

In response to questions, Mrs Coburn explained that:

- Relief was available to businesses that were in occupation of the premises as at 31 March 2017 and remained in continuous occupation. The policy approved by the Policy and Resources Committee in September 2017 related to the distribution of funding in 2017/18 only because of uncertainty at that time about the number of businesses affected. In 2017/18, the scheme awarded 80% relief of the increase in Business Rates to businesses meeting the criteria. In 2018/19, this would reduce to approximately 50%.
- The Council consulted with the major preceptors in 2017/18 in relation to the proposed funding of the scheme, and they were supportive.
- The scheme was discretionary; there was no requirement for the Council to operate the scheme. Any unspent funding would need to be returned to Central Government.

RESOLVED: That delegated authority be given to the Head of Revenues and Benefits Shared Service to distribute the funding made available by Central Government to support those businesses facing the steepest increases in their Business Rates bill as a result of the 2017 revaluation as set out in Option 2 (paragraph 2.2 of the report) for 2018/19 and the subsequent two years of the scheme.

Voting: 14 – for 1 – Against 0 – Abstentions

20. DISCRETIONARY RATE RELIEF - KENT MEDICAL CAMPUS ENTERPRISE ZONE

Mrs Sheila Coburn, the Head of Revenues and Benefits Shared Service, presented her report setting out a policy identifying the circumstances in which the Council would grant Business Rates Discretionary relief to occupiers of non-domestic properties located within the Kent Medical Campus Enterprise Zone. It was noted that

- As part of the financial incentives associated with an Enterprise Zone, Local Authorities had the option to award up to 100% Discretionary Business Rates Relief up to the value of £275k over five years to any business which sets up operation within the Enterprise Zone area before 31 March 2022 and is eligible to receive the support within the State Aid De Minimis threshold.
- The Government would reimburse the Council the cost incurred in providing up to 100% Business Rates Relief for up to five years. To be able to award Discretionary Rate Relief, it was necessary for the Council to adopt a policy.

Referring to the plan attached as Appendix A to the proposed Kent Medical Campus Enterprise Zone Business Rates Relief Policy which showed edged red the boundary for the Enterprise Zone, a Member enquired whether the field to the south east corner should be within the red-line of the Enterprise Zone. Mr William Cornall, the Director of Regeneration and Place, said that it was his understanding that the field was within the Enterprise Zone, but not the Local Plan allocation for the Kent Medical Campus. He would check with colleagues and confirm by email.

RESOLVED: That the Policy for the award of Business Rates Discretionary relief to occupiers of non-domestic properties located within the Kent Medical Campus Enterprise Zone, attached as Appendix 1 to the report of the Head of Revenues and Benefits Shared Service, be approved.

Voting: 15 – For 0 – Against 0 – Abstentions

21. REFERENCE FROM HERITAGE, CULTURE AND LEISURE COMMITTEE - REQUEST FOR MONIES FROM THE HCL UNDERSPEND TO FUND A SERIES OF REVIEWS

The Chairman said that he wished to take this reference after consideration of the report of the Head of Finance relating to the revenue

and capital outturn 2017/18 (agenda item 18). The Committee indicated its agreement to this approach.

22. REVENUE AND CAPITAL OUTTURN 2017/18

Mr Mark Green, the Director of Finance and Business Improvement, introduced the report providing an overview of the revenue and capital budgets and outturn at the end of 2017/18. Mr Green explained that:

- The figures included within the report were still subject to external audit so should be considered provisional at this stage. The report also included an update on other matters which might have a material impact on the Council's Medium Term Financial Strategy and Balance Sheet.
- The main headline was positive in that the overall position for 2017/18, after write-offs and adjustments for amounts to be carried forward, was an underspend of £185k against the budget.
- The Policy and Resources Committee was responsible for co-ordinating financial management across the Council and it was therefore appropriate for the Committee to make a decision about the allocation of the underspend. The Heritage, Culture and Leisure Committee had asked that £75k of the underspend be set aside for reviews of a number of areas within its remit. However, it was important to look at the position of the Council in aggregate and it was recommended that it would be appropriate to take an overall Council-wide approach to the allocation of the underspend with a report back to the next meeting of the Committee with detailed proposals. This would enable the other Service Committees to have an input.
- There had been very positive performance in relation to Business Rates growth, and it was recommended that the Committee receive a report setting out how it was proposed to use the Kent Business Rates pool surplus to promote the Council's economic development strategy and as a growth fund.
- The report sought agreement to the write-off of income following a dispute over contract payments and unpaid business rates.
- The capital outturn reflected substantial investment in major schemes including housing for temporary accommodation and the acquisition of commercial property.

In response to a question by a Member, the Director of Finance and Business Improvement said that he would circulate to Members of the Committee an explanation for the overspend of £53k for Phoenix Park in the year 2017/18.

It was noted that the paragraph of the report referred to in recommendation 5 should read 1.8.

RESOLVED:

1. That the revenue position of the Council at the end of 2017/18 as set out within Appendix 1 to the report of the Head of Finance be noted.
2. That the revenue resources to be carried forward into the current financial year, detailed at Appendix 2 to the report of the Head of Finance, be noted.
3. That the write-off of uncollectable debt totalling £13,750 be approved.
4. That the 2017/18 underspend of £185,000 be ringfenced within General Fund balances for one-off expenditure that is required to deliver Council strategic objectives and that a report be submitted to the next meeting of the Committee setting out specific proposals.
5. That a report be submitted to the Committee setting out how it is proposed to use the Kent Business Rates Pool surplus to promote the Council's economic development strategy and as a Growth Fund, as set out in paragraph 1.8 of the report of the Head of Finance.
6. That the use of the 2016/17 underspend detailed at paragraph 1.18 of the report of the Head of Finance be noted.
7. That the capital outturn and slippage within the capital programme in 2017/18, detailed in Appendix 3 to the report of the Head of Finance, be noted.
8. That the performance of the Collection Fund and the level of balances at 31 March 2018 be noted.
9. That the write-off of unpaid business rates as set out in Appendix 4 to the report of the Head of Finance be approved.
10. That the performance in relation to the Treasury Management Strategy for the final quarter of 2017/18 be noted.

Voting: 15 – For 0 – Against 0 – Abstentions

23. REFERENCE FROM HERITAGE, CULTURE AND LEISURE COMMITTEE - REQUEST FOR MONIES FROM THE HCL UNDERSPEND TO FUND A SERIES OF REVIEWS

RESOLVED: That having regard to the decision set out in Minute 22 above relating to the treatment of the 2017/18 revenue underspend, the request by the Heritage, Culture and Leisure Committee that £75k of the underspend be set aside to fund a series of reviews of areas within its remit be refused.

Voting: 13 – For 2 – Against 0 – Abstentions

24. MEDIUM TERM FINANCIAL STRATEGY 2019/20-2023/24 - INITIAL SCOPING AND ASSUMPTIONS

Mr Mark Green, the Director of Finance and Business Improvement, introduced his report setting the scene for updating the Medium Term Financial Strategy (MTFS) and rolling it forward to cover the five year

period 2019/20-2023/24 in parallel with the development of the new Strategic Plan to cover that period. Mr Green explained that:

- The report described the issues and risks involved, starting with the Council's current financial position. It set out key assumptions to be made in preparing the MTFS and concluded by setting out the subsequent steps involved in developing an updated MTFS, including an outline timetable.
- Local authority funding was currently subject to a four year national settlement announced in 2016. It was difficult to predict the funding situation after 2020. Because of this uncertainty, projections were being prepared based on three different scenarios: Favourable, Neutral and Adverse.
- The strategic revenue projections underlying the current MTFS suggested that a small budget gap, having taken account of savings already planned, would arise in 2019/20, increasing to £1.5m by the end of the five year period. The projections were based on a neutral scenario and assumed that Council Tax increases would be at the referendum limit and this limit would be 2%, being the Government's medium term target rate of inflation.
- A report would be submitted to the November meeting of the Committee with proposals to plug the gap together with any growth proposals.

In response to questions by Members, Mr Green explained that:

- The Council Tax base had increased steadily in recent years reflecting the number of new housing developments in the Borough. The projected increase in the number of dwellings in 2018 compared with the previous year was 1.5%, but this figure would be reviewed in October taking into account performance against the Local Plan target for the delivery of new homes.
- The current MTFS revenue projections 2018/19-2022/23 showed zero Business Rates growth in 2020/21 because the baseline would be reset that year.

A Member wished to place on record the understanding of the Committee that the assumptions described in the report were not a commitment to a 2% Council Tax increase at this point in time and that other scenarios such as a 0% increase could be examined. Mr Green advised the Committee that the effect of a 0% Council Tax increase could be modelled.

RESOLVED:

1. That the issues and risks associated with delivering the budget for 2018/19 and updating the Medium Term Financial Strategy be noted.

2. That the assumptions described in the report of the Director of Finance and Business Improvement for planning purposes and to establish the remit for detailed budget development be noted.
3. That the approach outlined to development of an updated Medium Term Financial Strategy for 2019/20 – 2023/24 and a budget for 2019/20 be agreed.

Voting: 13 – For 2 – Against 0 – Abstentions

25. DURATION OF MEETING

6.30 p.m. to 8.10 p.m.