

MAIDSTONE BOROUGH COUNCIL

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY 11 SEPTEMBER 2023

Attendees:

Committee Members:	Councillors Bartlett (Chairman), Cannon, Conyard, Mrs Gooch, Harper, Hinder, S Thompson and Webb
Cabinet Members:	Councillor Perry, Cabinet Member for Corporate Services

32. APOLOGIES FOR ABSENCE

There were no apologies for absence.

33. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

34. URGENT ITEMS

There were no urgent items.

35. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

36. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

37. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

38. EXEMPT ITEMS

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

39. MINUTES OF THE MEETING HELD ON 12 JULY 2023

The Committee felt that Minute 22, Biodiversity and Climate Change Action Plan update and Cost for Achieving Net Zero 2030 should be reviewed to ensure that both the recommendation wording was correct, and the Committee's sentiments expressed about the plan's progress had been included.

The Minutes would be deferred to allow for a review to take place.

RESOLVED: That consideration of the Minutes of the meeting held on 12 July 2023 be deferred to the next meeting.

Note: Councillor Cannon joined the meeting at 6.37 p.m.

40. FORWARD PLAN RELATING TO THE COMMITTEE'S TERMS OF REFERENCE

The Committee requested an update on the Biodiversity and Climate Change Action Plan in the near future, given the concerns expressed on the plan's progress, and the points raised by the Committee as its previous meeting where the matter was considered.

In response, the Cabinet Member for Corporate Services stated that they would be supportive of the Committee making a recommendation to receive an update on the Biodiversity and Climate Change Action Plan.

RESOLVED: That

1. The Forward Plan be noted; and
2. An update on the Biodiversity and Climate Change action be requested, with regards to the points raised at the Committee's previous meeting.

41. 1ST QUARTER FINANCE, PERFORMANCE AND RISK MONITORING REPORT

The Cabinet Member for Corporate Services introduced the report, and stated that:

- The Council had a projected revenue overspend of just over £250, 000 for the financial year, with an £800,000 overspend being offset by savings elsewhere in the budget. The overspend was mainly due to the cost of temporary accommodation (TA).
- Effective monitoring of the Council's finances was important, with further savings likely required to eliminate the potential £270,000 end of year deficit.
- There had been slippage to the capital programme, including to the 1,000 Affordable Homes Programme, with the variances and virements contained within Appendix 1 to the report briefly outlined. The Key Performance Indicators had achieved the targets set.

The Cabinet Member reiterated the Council's difficult financial situation, stating that it was important to retain a strong balance sheet. The allocated and unallocated reserves were £19.8 million and £11.6 million respectively, with the latter representing 22% of the Council's total expenditure. The Council was not at risk of issuing a Section 114 notice.

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

- The variances relating to the Sandling Road Site were mainly due to a delay in billing tenants for utilities, with it unlikely that all costs could be recovered through service charges;

- There should not be a variance arising from the transfer of 50% ownership to the Council from Kent County Council, with the matter likely a timing issue. Further information would be provided outside of the meeting;
- The rental income from Maidstone House had been less than projected. This was due to the market demand being for smaller units, requiring work to alter the spaces available and cater to the market. It was expected that the space would be leased following the work's completion;
- The funding used to secure the Traveller Site Manager and Housing and Inclusion roles was delivered through virements rather than increasing the budget. The former had been supported through the funds previously paid to KCC when that authority managed the site, to support the responsibility being brought in-house. The Housing and Inclusion roles had been supported through previously unspent homelessness grant funding, which had been placed in the relevant reserve and had to be used to support the service. The funding provided would be sufficient to support the staff's employment through the Medium Term Financial Strategy period;
- The slippage relating to the 1,000 Affordable Homes Programme related to securing planning permissions and contractors for the sites purchased. The programme continued to progress, particularly at the Maidstone East and old Springfield Library sites;
- The slippage relating to the Biodiversity and Climate Change Action Plan was to allow the Council to secure external match funding to support initiatives, such as the de-carbonisation of the Council's buildings;

During the discussion, concerns were raised on the variances shown for the Archbishops Palace and Granada House sites, and the reduction in the numerical value given to the corporate risk for 'Housing Pressures Increasing', given the financial overspend forecast for TA, slippage to the affordable homes progress and that homelessness was not within the Council's direct control.

In response, the Director of Finance, Resources and Business Improvement stated that Officers under-estimated the time required to generate income from both sites; there were plans in place to achieve this through securing an operator and completing the refurbishment works to the sites respectively. The Emergency Planning and Resilience Manager stated that the relevant officers had agreed that the rating was suitable for the risk at the current time, with the difference between the risk generally and then the mitigating actions in response affecting the overall risk score. Further information on the reasoning for the risk reduction would be provided outside of the meeting.

It was requested that future reports contain additional explanation to support the information provided. This included splitting the earmarked reserves into categories to reflect whether the funding originated from central government funding or by other sources; the use of and reasoning behind virements, given the creation of additional roles in the Housing and Inclusion Team and the Traveller Site Manager; and providing explanation on the risk values given to corporate risks, following the concerns raised relating to the 'Housing Pressures Increasing' risk.

In response to a comment on the provision of services through reserves, the Cabinet Member strongly emphasised that retaining a high level of reserves would support the Council retaining a robust financial position and securing the provision of good quality services for the borough. Support was expressed for advertising the services already being provided to residents, such as the 'Roadshows' taking place.

RESOLVED: That

1. The Revenue position as at the end of Quarter 1 for 2023/24, including 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 1 for 2023/24 be noted;
3. The Performance positions as at Quarter 1 for 2023/24, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted;
4. The Recovery and Renewal update, attached at Appendix 3 to the report, be noted;
5. The UK Shared Prosperity Fund update, attached at Appendix 4 to the report, be noted; and
6. The Risk Update, attached at Appendix 5 to the report, be noted.

Note: Before the debate on the item, Councillor Cannon stated that he did not have any disclosures of interest or lobbying to declare.

42. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET PROPOSALS

The Cabinet Member for Corporate Services introduced the report, and emphasised the difficult financial situation faced by the Council across the next five year period; the projected budget gap for 2024/25 was just over £900,000, which would increase to £4.5 million by 2028/29. The Medium Term Financial Strategy (MTFS) was being drafted earlier in the year than previously.

The Cabinet Member outlined the two key assumptions in drafting the MTFS, which were that Council Tax would be increased by up to the referendum limit of 3%, and that the income generated through fees and charges would increase by 5% overall. It was stated that the measures were essential given the financial projections. The proposed fees and charges would be presented to the Committee in the Autumn of 2023 once finalised, with the Capital budget being presented in early 2024, following the receipt of the Local Government Finance Settlement which was expected in December 2023.

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

- The projected £4.5 million budget gap for 2025/26 was linked to the affordable housing strategy as the Council would be using the first tranche of the funding secured to support the strategy, incurring borrowing costs. Another contributing factor was that Central Government was likely to

review Local Government Funding, which would likely affect the Council through business rate retention that was currently at 10% but could be reduced;

- The terms for the new operator for Heather House Community Centre would include the requirement to provide services to the local community. As the Council had borne the capital costs of building a new community centre, it was felt reasonable for the operator to be responsible for the revenue costs;
- The £49,000 and £30,000 shown for the positions associated with Biodiversity and Climate Change included salaries, plus ongoing costs such as pension contributions;
- The charging policy for refuse bins was agreed as part of the 2023/24 budget; and
- The Council had identified a further saving of £100,000 from the disused Park and Ride site at Willington Street for the 2024/25 financial year. Parking charges would be considered by the relevant PAC.

In response to a question, the Cabinet Member emphasised that whilst bus services were important, the previous Park and Ride site had cost the Council a significant amount of money but was not well utilised at that time.

The Committee supported the proposed MTFs and budget proposals, except for the two positions associated with Biodiversity and Climate Change. It was felt to be too premature to invest in additional positions to support the plan before the Committee received an update on its progress as requested, given the previous concerns expressed, as it was unknown if the positions proposed would support the plan's delivery.

RESOLVED to RECOMMEND to the CABINET: That

1. The draft Medium Term Financial Strategy for 2024/25 to 2028/29 as set out in Appendix A to the report, be approved; and
2. The budget proposals as set out in Appendix B to the report be approved, with the exception of the two growth items relating to biodiversity and climate change, which need further review by the Committee in conjunction with a further report on the Biodiversity and Climate Change Action Plan.

43. DURATION OF MEETING

6.30 p.m. to 8.23 p.m.