

Full Council – 16 October 2019

Councillor questions:

**1. From Councillor J Martin to Councillor Monk, Leader of the Council**

The financial viability analysis on which the planning permission for the Princes Parade development was based has many omissions, including:

- Site Clearance
- Remediation
- Regrading site levels
- Services Diversion
- Service corridor to connect with main services
- Attenuation Works/Surface water drainage
- Removal of Japanese Knotweed
- Works to Promenade
- Sea Wall works
- Canal side retaining/supporting structure to the new road
- Ground consolidation works
- Works to provide open space.
- In addition, the report has given an illustrative example for only half of the site.
- The report uses the phrase, “will be at the developer’s cost” whereas the Council are the developer and there is no cost included.
- The report assumes a fully serviced site, which it is not.

If all of the missing costs are included the scheme makes a £15M loss.

I have alerted members and senior officers to this dramatic shortfall many times, but have received no response. What are the Council doing to manage the risk of this potentially catastrophic financial shortfall?

**ANSWER:**

As you are aware the Council’s advisors, Savills, valuers and Betteridge and Milsom, cost consultants have reviewed your own appraisal and revisited their own work. They are firmly of the view that, having taken account of the matters you list that the project is viable and that there is no £15million gap funding requirement. Savills is one of the world’s leading property agents and I am happy to accept their expert opinion.

**SUPPLEMENTARY QUESTION:**

What is the link that allows developers to benefit significantly from the Princes Parade financial model?

**ANSWER:**

I am not going to answer this question as I believe the answer given was full and final.

## **2. From Councillor Davison to Councillor Monk, Leader of the Council**

Can you please make a statement about the future of Folkestone beach huts following press reports?

### **ANSWER:**

At the Folkestone Parks and Pleasure Grounds Charity (FPPG) meeting held on 16 October 2019, the trustees considered a report from officers looking at options to regenerate the area and provide new chalets for residents and visitors.

In 2018, the 74 chalets were taken back in house after a long lease where they had been allowed to fall into a state of disrepair. Currently, 52 of these are let to tenants with the other 22 being in an un-lettable condition and being too costly to repair. Significant investment is required, firstly to stabilise the slope between the chalets and the Coastal Park, remove the derelict chalets, repair the local infrastructure consisting of steps, paths and walls and finally to repair or replace all of the chalets.

The FPPG trustees have decided to proceed with an option that achieves the above objectives and provides 136 beach chalets in total. This is subject to Folkestone and Hythe District Council approving the capital loan at a full council meeting in November.

This consists of 120 new wooden chalets of varying sizes and 16 completely renovated existing chalets giving a total of 136 chalets. The renovated chalets will be the eight tiered chalets and eight of the better condition chalets with pitched roofs. The trustees believe that this will maintain some of the character of the site and help maintain its identity.

Many of the chalets need to be taken down so the slope can be stabilised behind them. Engineering works will be carried out to achieve this objective whilst the whole local infrastructure is renovated and improved. Two sections of the chalets will have new ramps installed to provide access to all before the 16 remaining chalets are renovated and the 120 new chalets installed.

My fellow trustees have committed to a significant investment that will not only greatly improve the area but provide an income for the charity for the years to come. This will help maintain the beach chalets and surrounding area and the other charity owned parks and open spaces in Folkestone.

### **QUESTION:**

Could you provide costings for the repair of the existing chalets and also the costings and durability of the proposed wooden replacements?

### **ANSWER:**

I'm not at liberty to do that, this is a matter for the trust.

## **3. From Councillor McConville to Councillor Monk, Leader of the Council**

What impact does the decision to increase interest rates from the Public Works Loan Board have on our future financial outlook?

**ANSWER:**

The Treasury determined, on the 9 October, that the maximum net amount of loans by the PWLB at any one time would increase from £85 billion to £95 billion. This was in response to an increase in lending to the local authority sector. However, at the same time, the Treasury also increased its margin over gilts by 100bps (1%). This was an unexpected move and is seen by outside observers as a response to some authorities borrowing extensively against commercial investments.

Whilst this decision is unfortunate, overall this does not materially affect our financial outlook. There are some negative impacts of course. Loans from PWLB will be more expensive and it is likely the administrative process for obtaining other loans will be more complex. However, early advice is that there is likely to develop a market for borrowing which is less than the new PWLB rate and there has already been a marked increase in inter authority lending. The change in rate does not affect existing PWLB loans.

The notification from HM Treasury also makes reference to the government's willingness to work with authorities on a case by case basis. We will be making strong representations to the government to recognise our significant commitment to deliver new housing for the district and to allow us to borrow at the previous rate.

I will also add that any borrowing will also look to minimise the costs to the council and will be based on the most effective mix of short, medium and long term borrowing depending on the prevailing rates at the time.

**THERE WAS NO SUPPLEMENTARY QUESTION.**

**4. From Councillor Davison, to Councillor Godfrey, Cabinet Member for Housing, Transport and special projects**

What are your thoughts on Norwich city council for its Stirling prize winning development of environmentally conscious council housing and are there plans for such innovative and inspirational council housing in our own district?

**ANSWER:**

My thoughts are that Norwich City Council should be congratulated on their Goldsmith Street Stirling Development. These new Council homes have been developed to the German Passivhaus standard and are amongst the most energy efficient in the country with the residents expected to have their annual energy bills reduced by as much as 70% each year. I can confirm that the Council's Strategic Development team are exploring how the Council can work to further improve the energy efficiency of the further 200 Council homes already in its delivery programme and of course beyond. This will include work to explore how the homes in this benchmark development were financed and

delivered to enable us to see what lessons can be learnt for the new Council homes programme in this district.

This energy efficiency philosophy is not only for Council homes but also for other planned developments and is included in the Charter for the Councils flagship Otterpool Park proposals.

**THERE WAS NO SUPPLEMENTARY QUESTION.**