

Appendix 1 - Draft Cabinet Report

This Report will be made public on 3 February 2026

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Report Number **C/25/73**

To: Cabinet
Date: 11 February 2026
Status: Key Decision
Responsible Officers: Rod Lean - Chief Officer of Place & Growth
Andy Blaszkowicz - Director of Housing and Operations
Ewan Green - Director of Strategy and Resources

Cabinet Member: Cllr Connor McConville - Cabinet Member for Assets and Local Government Reorganisation
Cllr James Butcher - Cabinet Member for Place Plan, Heritage, Tourism and District Economy

SUBJECT: FOLCA - UPDATE AND FOLCA 2 BUSINESS CASE

SUMMARY:

This report provides an update on progress regarding the proposed development of Folca 2. On the 16th of July 2025 ([Report C/25/25](#)), Cabinet noted the position of the Phase 1 remedial works, the position on development options for Folca 2, and the ongoing discussions with the NHS Kent and Medway Integrated Care Board ICB regarding the potential inclusion of a medical centre within the scheme. Cabinet also agreed that an update report would be presented to Members, setting out the preferred development option for Folca 2 following the conclusion of discussions with the ICB. This report provides that update and seeks Member approval of the recommended development option for the Folca 2 project and authority to proceed.

REASONS FOR RECOMMENDATIONS:

The project requires a decision of Cabinet to deliver the development of Folca 2, with the preferred option being a mixed-use commercial approach, incorporating a medical centre as part of the scheme.

RECOMMENDATIONS:

1. To receive and note Report C/25/73.
2. To agree to progress a commercial, mixed-use development for Folca 2, including the provision of a medical centre.
3. To note the agreement in principle between the Council and the ICB regarding the terms for the delivery of a medical centre within Folca 2.
4. To note the progress made on the disposal of Folca 1.

5. To note the progress made in relation to the delivery of Folca 2, Phase 1 remedial works as part of the Levelling Up Fund project Folkestone: A Brighter Future.
6. To agree that, if the ICB model does not proceed, the commercial-only development option for Folca 2 will be progressed.
7. To delegate authority to the Director of Housing & Operations, in consultation with the Cabinet Member for Assets and Local Government Reorganisation and the Council's Section 151 Officer, to enter into all necessary legal agreements and carry out all tasks required to deliver the project within the agreed budget envelope.

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1. BACKGROUND

- 1.1. The former department store (c.79,000sqft) in Folkestone town centre was acquired by the Council in 2020 to control a key anchor asset in the town centre with the aim of helping to drive regeneration and reactivate this area of the town.
- 1.2. The property comprises two main elements: the original red-brick Edwardian building (Folca 1), which fronts Bouverie Place and extends around part of Sandgate Road, and the later, much larger Art Deco extension (Folca 2), which has direct frontage onto Sandgate Road.

1.3. Folca 2 - Summarised Background

In July 2025, Members received Cabinet report [C/25/25](#) outlining the position and direction of travel regarding the proposed Phase 2 occupancy strategy. The report authorised officers to continue working with the local GPs, and the ICB to develop a viable scheme and deliver the preferred mixed-use option incorporating a medical centre.

1.4. Civic Centre Sale

- 1.4.1. As set out in the July 2024 Cabinet Report ([C/24/18](#)), it was agreed that the sale proceeds from the existing Civic Centre would be earmarked as part of the funding package for the Folca 2 development. The disposal plan will be finalised once the outcome of local government reorganisation is clear and a formal decision to proceed has been taken.

2 FOLCA 1 AND FOLCA 2 PHASE 1 PROGRESS

- 2.1 **Folca 1:** As set out in the July 2025 Cabinet Report ([C/25/07](#)), Members approved the disposal of Folca 1, with sale proceeds to be allocated towards the Folca 2 development. Work on the disposal has been ongoing, with multiple parties expressing interest in the building and six submitting bids on 12 December 2025. Following an in-depth assessment of all submissions, the Council has now identified a preferred bidder and will proceed with the disposal of Folca 1. Commercial terms will be finalised with the preferred bidder to enable completion of the transaction.
- 2.2 **Folca 2 Phase 1 Works:** As set out in Cabinet Report [C/25/25](#), procurement for the phase 1 construction contract started in October 2025. A total of nine bids were received and evaluated in December, with contractor appointment scheduled for January 2026. Construction is programmed to begin in February 2026, with completion anticipated by July 2026.
- 2.3 It should be noted that the Phase 1 works are required as part of any development option to facilitate future phase 2 construction works.

3 PHASE 2 OCCUPATION STRATEGY OVERVIEW

- 3.1 As set out in Cabinet Report [C/25/25](#), the development of the Folca 2 occupation strategy has centred on identifying a financially sustainable route to deliver the Council's original aims and objectives, taking into account the extraordinary economic challenges that have arisen since the building's purchase in 2020. In response, the Council commissioned specialist advice and explored a range of options to balance long-term financial viability with wider social, economic, and environmental benefits for the district.
- 3.2 A key consideration throughout this process has been the potential incorporation of a new Medical Centre, adding significant complexity to the project and requiring close engagement with ICB and consideration of their funding processes.
- 3.3 Following detailed financial modelling and viability testing, the project has now advanced towards a mixed-use proposal incorporating a new medical centre. This approach will provide flexible commercial space on the ground and basement levels to maximise revenue potential, while accommodating a much-needed medical centre across the first and second floors, thereby aligning the Council's aspirations with a practical, resilient and viable project.
- 3.4 **Medical Centre Occupancy Progress**
- 3.4.1 As Members will recall from the last report [C/25/25](#), the scheme is intended to replace two outdated surgeries and provide capacity for around 23,000 registered patients (existing and new), while acting as a long-term anchor within the Folca 2 building to support town centre regeneration.
- 3.4.2 The project has evolved from an initial developer led scheme at Folca 1, which was deemed unviable, and a subsequent attempt to locate the medical centre in Folca 2, which again proved unworkable. This ultimately led to the Council, as agreed by Cabinet, assuming the role of lead developer in partnership with the ICB and local GPs to progress plans for the new medical centre in Folkestone town centre.
- 3.4.3 In the previous Cabinet report ([C/25/25](#)), Members were advised of the complex public sector financing requirements, ongoing NHS restructuring, and the need for clarity on future NHS capital funding. Since then, F&HDC and the ICB have proactively continued to explore a viable way forward that aligns with the wider Folca 2 financial model and value for money and affordability considerations of the ICB. As part of this work, officers identified that the most appropriate mechanism for securing NHS capital support would be through a Section 2 contract under the NHS Act 2006.
- 3.4.4 An NHS Section 2 contract under the NHS Act 2006 provides the legal framework for NHS England to enter into an agreement with a Local Authority

to deliver new or improved assets to be used for healthcare services. The Section 2 contract mechanism enables the NHS to contribute capital funding directly to the council for the project, while the local authority retains responsibility for delivering the facility. In consideration of the capital funding the contract will set out a lower rent for the shell and core of the existing building. There will be a nominations agreement under the Section 2 contract whereby NHS reserves the right to nominate who will use the asset over the term of the Section 2 contract. The council will enter into a lease with the nominees, in this case the GP contractors.

- 3.4.5 On 17 November, NHS England notified Integrated Care Boards across the country of their capital allocations. The ICB confirmed it would review and consider prioritisation of capital for the proposed medical centre in Folca 2.
- 3.4.6 In tandem with the internal review, and on the basis of a potential capital injection, FHDC officers revised the revenue model to a shell and core rent that was acceptable to the ICB while also ensuring a financially viable scheme for the wider Folca 2 project.
- 3.4.7 Following this review and further discussions with the ICB, an agreement in principle on the funding arrangement was reached. A letter confirming in principle support for the project from the ICB was received by F&HDC on 12 December 2025, setting out the approvals process which will now be worked through to finalise the terms for the medical centre to be included in Folca 2. This marked a key milestone for the project, with all parties in agreement to move forward to the next stage of the process.

3.5 **Wider Occupancy Strategy: Commercial Advice**

- 3.5.1 Following the Cabinet report of 16 July 2025, Officers have worked with Cradick Retail Property Consultants, a respected firm with extensive knowledge of commercial markets and current trends. Cradick have been tasked with providing realistic advice on the scale and attractiveness of Folca 2 to the retail and commercial market.
- 3.5.2 Cradick have recommended a strategy that explores all potential occupier options. They were asked to assess two scenarios: one as a commercial-only, and the other as a mixed-use scheme incorporating a medical centre on the first floor.

3.6 **Commercial Only**

- 3.6.1 In setting the wider context for Folca 2 and attracting commercial occupiers, it is important to restate the original intention behind the Council's intervention. Folca was acquired to secure control of a key anchor asset in the town centre, with the explicit aim of driving regeneration and reactivating this part of the town. This strategic acquisition underpins the current regeneration scheme

'Folkestone: A Brighter Future' programme which will enhance the attractiveness of the Folca 2 building for commercial use. The broader regeneration scheme seeks to transform the surrounding area, stimulate footfall, and encourage new investment. A further strand of the programme focuses on improving the functionality of the town centre, making it easier for organisations to utilise public spaces for events and activities throughout the year. These measures are expected to generate greater vibrancy and sustained footfall in this part of the town.

- 3.6.2 Cradick advised to seek occupiers willing to take a substantial portion of the ground floor, ideally 50% or more of the available space. From an operational perspective, this approach is more straightforward to manage and would typically secure a longer lease term. The associated risk, however, is that if such an occupier were to vacate early or fail to renew their lease, the impact on rental income would be significant. It should also be noted that larger occupiers generally command a lower rental value per square metre. The probability of a commercial operator taking the whole building was deemed very low.
- 3.6.3 Should a larger occupier not be secured, it is recommended that the ground floor be subdivided into smaller units. The layout could accommodate six shopfronts, comprising five smaller units and one larger unit. For local independents and start-ups, however, the scale of these units may result in relatively high utility and business rate costs which fall to potential occupiers depending on their sector type. The other key factor is the depth of the unit and the impact that may have on the design and attractiveness.
- 3.6.4 An alternative option would be to introduce an 'arcade-style' corridor through the centre of the ground floor, providing access to multiple smaller incubator spaces. This arrangement could accommodate 8–10 units, offering flexible space well-suited to new businesses and potential office use. These smaller units would also command a higher rental value per square metre, helping to offset the loss of commercial lettable space created by the corridor and operational space required.
- 3.6.5 Consumer behaviour and emerging trends indicate that immersive leisure experiences (e.g. escape rooms, gaming hubs) are increasingly popular and would complement the existing town centre offer. The basement, with its limited natural light, presents an appropriate setting for such uses. In addition, rental values in the basement are typically lower per square metre than those on the ground floor, which aligns well with prevailing commercial rates in the leisure sector.
- 3.6.6 Cradick advised that the first and second floor space is unlikely to be retail or hospitality and would be more suited to office based occupancy. This occupancy use will be ideally from one or two companies which will reduce the management resource requirement compared to a Co-working model arrangement which has more complex requirements.

3.7 Commercial Only Overview

- 3.7.1 The commercial options for Folca 2 present a range of potential configurations across the building. At ground floor level, strategies include securing a larger single occupier, subdividing into smaller shopfront units, or adopting an arcade-style layout to support incubator spaces. Each approach carries different implications for rental values, management requirements, and occupier demand. The basement offers opportunities for immersive leisure uses, aligning with market trends and sector rental levels, while the upper floors are best suited to office-based occupancy by one or two organisations, reducing operational complexity.
- 3.7.2 As Members will note from paragraph 3.4.7, and the progress made with the ICB, the commercial only model serves to act as a comparator for Members to set out the differences in the financial implications (as laid out in section 5) between a mixed-use development with Medical Centre and a commercial only development.

3.8 Medical Centre & Commercial

- 3.8.1 In addition to the context set out in paragraph 3.6.5, Cradick's have advised that incorporating the proposed medical centre on the first floor would have a positive impact on the overall attractiveness and, consequently, the value of the ground floor and basement accommodation.
- 3.8.2 The medical centre would generate strong levels of footfall, significantly benefiting prospective occupiers. It would be particularly attractive to complementary organisations within the health and wellbeing sector, such as opticians, hearing clinics, therapy providers, pharmacies, fitness studios, and health-food retailers.
- 3.8.3 A further benefit of including a medical centre is that it would provide a stable occupier for at least 25 years, which may in turn encourage longer-term commercial tenants within the health and wellbeing sectors.
- 3.8.4 The commercial design arrangements and strategy would remain relevant as described in the commercial only section paragraphs 3.7.1.

3.9 Medical Centre and Commercial Overview

- 3.9.1 The incorporation of a Medical Centre within Folca 2 would enhance the overall attractiveness and value of the ground floor and basement accommodation. Its presence is expected to generate strong footfall and create synergies with complementary health and wellbeing services, thereby broadening the commercial appeal of the building. Importantly, the Medical Centre would provide a long-term, stable occupier with a 25-year+ commitment, supporting

the wider objective of securing a sustained commercial tenancy and reinforcing the building's role as a cornerstone of town centre regeneration.

4 MEDICAL CENTRE ECONOMIC & SOCIAL IMPACT

4.1 Turley Economics were appointed to carry out an Economic and Social Benefits Analysis for various scenarios on Folca 2. The following summarises the analysis of the economic and social impact in implementing a medical centre within Folca 2:

- Increased footfall into town centre
- Attract and retain new medical staff
- 23,000 registered patients (includes existing patients lists plus growth)
- FHDC economy - £4.6m Gross Value Added (GVA) (Construction phase - 18months)
- South-East economy - £6.2m GVA (Construction phase - 18months)
- FHDC economy - £4.9m GVA annually (Operational phase)
- South-East economy - £7.4m GVA annually (Operational phase)

5 FOLCA 2 DEVELOPMENT APPRAISAL

5.1 Since 2021, the Council's internal team has appointed relevant experts and worked closely with the ICB. This has enabled officers to explore a range of development options for Folca 2 and to recommend the most viable, balancing financial return with socio-economic benefits to the district whilst navigating the wider economic challenges.

5.2 The following table will allow Members to compare the recommended mixed commercial use with Medical Centre option with the commercial only option. The information will provide an overview of the financial assumptions, benefits and associated risks.

Category	Mixed Use with Medical Centre	Commercial Only
Space Arrangement	<ul style="list-style-type: none"> • Ground & Basement: mixed use commercial • First & Second floor: Medical Centre 	<ul style="list-style-type: none"> • Ground & Basement: Commercial • First & Second Floor: Office Space
NHS Involvement	<ul style="list-style-type: none"> • NHS England capital contribution [REDACTED] for fit-out • Delivered under Section 2 Contract (NHS Act 2006) with NHS England - 40 year term • Shell/core rent • Nominations agreement under the Section 2 contract whereby NHS reserves the right to nominate who will use the 	<ul style="list-style-type: none"> • No NHS involvement

	asset over the term of the Section 2 contract	
Financial Overview	<ul style="list-style-type: none"> • Development cost: [REDACTED] • Surplus: [REDACTED] over 40 years • Occupancy: 75% (25% vacancy allowance) 	<ul style="list-style-type: none"> • Development cost: [REDACTED] • Surplus: [REDACTED] over 40 years • Occupancy: 75% (25% vacancy allowance)
Benefits	<ul style="list-style-type: none"> • Supports high street regeneration • Utilises £2.2m LUF funding • Utilises £1.44m Salix funding • Medical centre capacity: 23,000 registered patients • £4.9m GVA (Growth Value Added) • Historic building regenerated to low-carbon standards • Potential for further growth in ground/basement • Improves GP/patient ratio • Secures GP tenancy under Section 2 Contract nominations agreement 	<ul style="list-style-type: none"> • Supports high street regeneration • Utilises £2.2m LUF funding • Utilises £1.44m Salix funding • Historic building regenerated to low-carbon standards
Risks	<ul style="list-style-type: none"> • Design risk • Complex building structure • Lease agreement completion • Ongoing management requirements • Occupancy risk (commercial floors) • Medical centre rent below market levels (to recognise NHS capital contribution for the works) 	<ul style="list-style-type: none"> • No medical centre provision • Occupancy risk • Complex building structure • Lease agreement completion • Design challenges with unknown occupiers • Lower rent due to reduced attractiveness • Ongoing management requirements
Tenant Profile	<ul style="list-style-type: none"> • 2 General Practices - through nominations agreement under the Section 2 contract whereby NHS reserves the right to nominate who will use the asset over the term of the Section 2 contract. • Commercial tenants for ground/basement <ul style="list-style-type: none"> ○ Larger spaces: national/regional 	<ul style="list-style-type: none"> • Larger spaces: national/regional businesses (10-year leases, 6–12 month rent-free) • Smaller units: independents/start-ups (12 month–3 year leases, 3–6 month rent-free)

	businesses (10-year leases, 6–12 month rent-free) ○ Smaller units: independents/start-ups (12 month–3 year leases, 3–6 month rent-free)	<ul style="list-style-type: none"> Higher delivery & management costs for FHDC
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6 FINANCIAL IMPLICATIONS & COMPARISON

- 6.1 The table below compares the financial models for the two scenarios - mixed-use commercial with medical centre and commercial only - examining development cost, financial return, payback period, Return On Investment (ROI) at the end of the 40-year term, and the associated level of risk.

Development Option	Development costs	Term	Surplus After 40years	Risk level
Recommended development mixed-use with Medical Centre	£[REDACTED]	40yrs	£[REDACTED]	Medium
Comparable development Commercial only	£[REDACTED]	40yrs	£[REDACTED]	Medium

- 6.2 The following table outlines the capital requirements and the funding package for each scenario; Mixed-use (incl. medical centre) with Commercial and the comparator option of Commercial only.

Capital Build Costs	Mixed Use Scheme Incl. Medical Centre	Commercial Only
Medical Centre Costs	[REDACTED]	
FHDC Building Costs	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]
Capital Budget Structure		
NHS ICB Funding	[REDACTED]	
Salix Funding	[REDACTED]	[REDACTED]
LUF Funding	[REDACTED]	[REDACTED]
CIL Funding	[REDACTED]	
FHDC Borrowing	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

- 6.3 Members are asked to approve the recommended route for the development of Folca 2 as a mixed-use proposal, combining commercial space with a medical centre. The proposed arrangement would provide mixed-use commercial accommodation on the ground and basement levels, with a medical centre

occupying the first and second floors. NHS England and the ICB will provide a capital contribution to cover the fit-out costs of the medical centre.

- 6.4 **Members should be aware that whilst the ICB have provided an agreement in principle on the funding arrangement (as detailed in paragraph 3.4.7) the formal business case still needs to be worked up so this can go through the ICB formal approvals process.**
- 6.5 **Whilst all signs are positive, should formal approvals not be forthcoming with the ICB then the development of the building will proceed on a commercial only basis.**
- 6.6 The financial implications for the project have been worked through in considerable detail, taking into account market behaviours, occupancy rates, interest rates and inflation modelling. Revenue income and expenditure modelling for each scenario has been undertaken, to minimise risks and reduce and potential impact to the Council's Medium Term Financial Strategy. Potential capital funding streams have been explored for each scenario, utilising grant funding, capital receipts and borrowing where required, in alignment with the agreed Medium Term Capital Programme budget for this project. All required capital borrowing is repaid through the application of capital receipts from the sale of Folca 1 and the Civic Centre, which removes the long-term impact of MRP on the revenue budget.
- 6.7 The table shows the project's net income over 40 years for the mixed-use scheme, including the Medical Centre and commercial space. The total cumulative income is £[REDACTED] over 40 years. This is higher than the £[REDACTED] shown in Table 6.1 as it does not include the required repayments for the capital borrowing.

Period	Medical Centre Net Income (£)	Commercial Net Income (£)	Combined Total (£)	Cumulative Commercial Net Income (£)	Cumulative Combined Total (£)
Year 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Year 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Year 3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Year 4	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Year 5	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Years 6–10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Years 11–20	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Years 21–30	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Years 31–40	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
40-Year Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- 6.8 As can be seen in the table above the medical centre element breaks even in year 1. The commercial element of the building provides a positive return from year 2, however breaks even in year 5. This is largely due to offering a rent-free

period in year 1 as tenants move into the building and complete their fit outs. This results in a combined break even of 4 years. This calculation excludes the repayments for the capital borrowing, as per 6.7.

- 6.9 For comparison purposes the revenue income projection for the commercial only model (without medical centre) is shown in the table below. The total cumulative income figure also varies from the figure shown in the table at 6.1 for the same reason that is stated in 6.7.

Period	Commercial Net Income (£)	Cumulative Commercial Net Income (£)
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
Years 6–10		
Years 11–20		
Years 21–30		
Years 31–40		
40-Year Total		

- 6.10 The table above demonstrates that the commercial only option breaks even in year 5 although a positive contribution is achieved from year 2. As per paragraph 6.8 this is largely due to offering a rent-free period in year 1 as tenants move into the building and complete their fit outs.

7 OVERVIEW AND SCRUTINY COMMITTEE

- 7.1 On the 27th of January 2026, Overview and Scrutiny Committee considered a draft of this report. Feedback from Members included: **ADD FEEDBACK**

8 NEXT STEPS

- 8.1 Following receipt of the NHS letter of support confirming approval in principle of capital funding for the medical centre, F&HDC and ICB officers will continue to engage to navigate the next steps. The ICB will formalise these steps and associated governance requirements over the coming months. Engagement with the two general practices will also form a key part of the next phase of work. The estimated programme for Folca 2 Phase 2 is as follows:

Activity	Timeline
Folca 2 phase 2 design work (including planning)	February 2026 - November 2026
NHS business case and governance process	February 2026 - November 2026
Phase 2 contract procurement	December 2026 - March 2027
Construction Phase	March 2027 - August 2028

9 RECOMMENDATION

- 9.1 Members are asked to approve the development of Folca 2 as a mixed-use scheme, with commercial space on the ground and basement levels and a medical centre on the first and second floors.

10 RISK MANAGEMENT ISSUES

- 10.1 The Folca 2 development is a significant and complex project. As such, a full risk assessment is being developed in tandem with the occupancy and delivery strategy in line with the Council's Corporate Risk Strategy. The key risks and mitigations relating to the recommendations in this report are outlined in the following table:

Perceived Risk	Seriousness	Likelihood	Preventative action
Not achieving formal business plan approval from NHS England and ICB	High	Low	Letter of support confirming provisional capital funding received from the ICB. Detailed financial modelling undertaken to provide accurate project costings to ICB.
Not achieving formal business plan approval from NHS England and ICB	High	Low	Should formal approval not be achieved development will proceed on commercial only basis.
Cost inflation	Medium	Medium	A 6% inflation estimate has been added to the cost plan to mitigate the risk.
NHS legal agreement – terms not acceptable to F&HDC	High	Medium	Project teams from F&HDC and ICB working closely together through business case development. Example template Heads of Terms has been reviewed by F&HDC legal officers. Sections 2 contract will be reviewed as it evolves
Phase 1 budget overrun	High	Low	De-risk through detailed due diligence pre-construction and during construction. Robust project management through the construction period. 10% contingency provided within budget.
Public Sector Decarbonisation Scheme target not met	High	Low	Assess the delivered elements to ensure their impact meets the PSDS metrics and requirements.
PSDS deadline	High	Low	Deadline of March 2028. Work forecasted to be undertaken well ahead of the deadline.
LUF deadline	High	Low	Deadline of March 2028. Work forecasted to be undertaken well ahead of the deadline.
Not achieving minimum 75% occupancy for	High	Low	Consultants provided specialist advice regarding uses of building. A detailed marketing strategy will be developed

commercial space or achieving expected rental values			through development stage with agents engaged early.
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11 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 11.1 **Legal Officer's comments (OS):** Legal services will be engaged throughout the business case development process and will review all documentation and contracts to be entered into with the ICB. There are restrictive covenants in favour of the Radnor Estate noted on the title of Folca 2 and these will need to be dealt with by way of a deed of variation. The Radnor Estate have been approached in this regard. Legal Services will assist with the deed of variation.

Section 1 of the Localism Act 2011 confers a general power of competence on a local authority to do anything an individual can do, unless another law prevents it, or a law requires it to do something in a specific way. This report is enabled by this power to act.

- 11.2 **Finance Officer's Comments (VL):** Financial implications relating to both revenue and capital have been considered in detail during the development of the proposed options. The recommended option aims for full utilisation of available external funding (LUF / PSDS / NHS Capital) and ensures alignment with the budget agreed within the MTCP for the development of the Folca 2 site. The financial modelling continues to be reviewed, focusing on the preferred direction of travel which is the mixed-use occupancy including the medical centre option. The funds received for Folca 1 and the existing Civic Centre disposals will be utilised to repay the capital borrowing required for the project.
- 11.3 **Diversities and Equalities Implications (GE):** There are no equality and diversity implications directly arising from this report. An equality impact assessment has been carried out and included in the Appendix to this report.
- 11.4 **Environmental Implications (JW):** The development of Folca 2 to a low-carbon building aligns with the Council's Net Zero 2030 commitment. The PSDS funding secured for low carbon equipment and energy efficiency measures will reduce both the operational costs and the buildings carbon footprint and attract prospective tenants.

12 CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councilors with any questions arising out of this report should contact the following officer prior to the meeting.

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The following background documents have been relied upon in the preparation of this report:

None

Appendix: Equalities Impact Assessment

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