

# Policy & Resources Committee

Title:	Policy & Resources Committee
Date:	17 March 2016
Time:	4.00pm
Venue	Auditorium - The Brighthelm Centre
Members:	Councillors: Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bewick, Janio, Mitchell, A Norman, Sykes and Wealls
Contact:	Ross Keatley Democratic Services Manager 01273 291064 ross.keatley@brighton-hove.gov.uk

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### **Democratic Services: Policy & Resources Committee** Councillor Democratic Monitoring Chief Officer Morgan Executive Services Chair Manager Executive Director Councillor Councillor A. for Finance & Hamilton Norman Resources **Deputy Chair Executive Director** Councillor G. Councillor for Children's Theobald Mitchell Opposition Services Spokesperson **Executive Director** for Adult Services Councillor Councillor Wealls **Bewick Executive Director** for Environment, Councillor Development & Janio Housing Director of Public Councillor Health Mac Officer Cafferty Speaking Group Spokes **Assistant Chief** Executive Officer Councillor Speaking **Sykes** Public Councillor Speaker Speaking **Public Seating** Press

### **AGENDA**

PART ONE Page

### PROCEDURAL MATTERS

### 135 PROCEDURAL BUSINESS

(a) Declaration of Substitutes: Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

### (b) Declarations of Interest:

- (a) Disclosable pecuniary interests;
- (b) Any other interests required to be registered under the local code:
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

(c) Exclusion of Press and Public: To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

**NOTE:** Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

136 MINUTES 1 - 18

To consider the minutes of the meeting held on 11 February 2016 (copy attached).

Contact Officer: Ross Keatley Tel: 29-1064

### 137 CHAIR'S COMMUNICATIONS

### 138 CALL OVER

- (a) Items (141 155) will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

### **GENERAL MATTERS**

### 139 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented by members of the public to the full Council or as notified for presentation at the meeting by the due of 3 March 2016 (10 days);
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 10 March 2016;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 10 March 2016.

### 140 MEMBER INVOLVEMENT

19 - 20

To consider the following matters raised by Members:

(d) Notices of Motion: to consider any Notices of Motion.

**Fair Trade** – referred from Council on 28 January 2016 (copy attached).

### **STRATEGIC & POLICY MATTERS**

### 141 ADOPTION OF THE BRIGHTON & HOVE CITY PLAN PART 1

21 - 136

Report of the Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: Helen Gregory Tel: 01273 292293

Ward Affected: All Wards

# 142 AGREEMENT TO SCHEDULE OF CHARGES FOR PRE-APPLICATION 137 - 156 PLANNING ADVICE

Report of the Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: Paul Vidler Tel: 01273 291292

Ward Affected: All Wards

# 143 EAST SUSSEX, SOUTH DOWNS AND BRIGHTON & HOVE WASTE 157 - 162 AND MINERALS SITES PLAN

Report of the Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: Steve Tremlett Tel: 01273 292108

Ward Affected: All Wards

### **FINANCIAL MATTERS**

### 144 TREASURY MANAGEMENT POLICY STATEMENT 2016/17

163 - 180

Report of the Acting Executive Director for Finance & Resources (copy attached).

Contact Officer: James Hengeveld Tel: 01273 291242

Ward Affected: All Wards

### 145 ANNUAL INVESTMENT STRATEGY 2016/17

181 - 196

Report of the Acting Executive Director for Finance & Resources (copy attached).

Contact Officer: James Hengeveld Tel: 01273 291242

Ward Affected: All Wards

# 146 EDUCATION CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2016/2017

197 - 212

Report of the Executive Director for Children's Services (copy attached), together with an extract from the proceedings of the Children, Young People & Skills Committee meeting held 7 March 2016 (to follow).

Contact Officer: Richard Barker Tel: 01273 290732

Ward Affected: All Wards

### 147 2016/17 LOCAL TRANSPORT PLAN CAPITAL PROGRAMME

213 - 238

Report of the Acting Executive Director for Environment, Development & Housing (copy attached) together with an extract from the proceedings of the Environment, Transport & Sustainability Committee meeting held on 15 March 2016 (to follow).

Contact Officer: Andrew Renaut Tel: 01273 292477

Ward Affected: All Wards

### **CONTRACTUAL MATTERS**

### 148 PERMISSION TO TENDER FOR HOME CARE

239 - 252

Report of Executive Director of Adults' Services together with an extract from the proceedings of the Health & Wellbeing Board meeting held on 2 February 2016 (copies attached).

Contact Officer: Jane MacDonald Tel: 01273 295038

Ward Affected: All Wards

### **GENERAL MATTERS**

### 149 PAY POLICY STATEMENT 2016/17

253 - 264

Report of the Acting Executive Director for Finance & Resources (copy attached).

Contact Officer: Matt Naish Tel: 01273 295088

Ward Affected: All Wards

### **REGENERATION & PROPERTY MATTERS**

# 150 PLANNED MAINTENANCE BUDGET ALLOCATION 2016/17 AND PROGRAMME OF WORKS FOR THE COUNCIL'S OPERATIONAL BUILDINGS

265 - 274

Report of the Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: Martin Hilson Tel: 01273 291452

Ward Affected: All Wards

### 151 ASSET MANAGEMENT FUND 2016/17

275 - 282

Report of the Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: Angela Dymott Tel: 01273 291450

Ward Affected: All Wards

### 152 HOUSING DELIVERY OPTIONS

283 - 354

Report of the Acting Executive Director for Environment, Development & Housing together with an extract from the proceedings of the meeting of the Housing & New Homes Committee held on 2 February 2016 (copies attached).

Contact Officer: Martin Reid Tel: 01273 93321

Ward Affected: All Wards

# 153 NEW HOMES FOR NEIGHBOURHOODS - FINAL SCHEME APPROVAL - SELSFIELD DRIVE SITE

355 - 394

Report of the Acting Executive Director for Environment, Development & Housing together with an extract from the proceedings of the meeting of the Housing & New Homes Committee held on 2 February 2016 (copies attached).

Contact Officer: Sam Smith Tel: 01273 291383

Ward Affected: Hollingdean & Stanmer

# 154 NEW HOMES FOR NEIGHBOURHOODS - FINAL SCHEME APPROVAL - WELLSBOURNE, WHITEHAWK

395 - 428

Report of the Acting Executive Director for Environment, Development & Housing together with an extract from the proceedings of the meeting of the Housing & New Homes Committee held on 2 February 2016 (copies attached).

Contact Officer: Jaine Jolly Tel: 01273 290356

Ward Affected: East Brighton

### 155 NEW ENGLAND HOUSE & LONGLEY INDUSTRIAL ESTATE

429 - 456

Report of the Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: Bob Bruce Tel: 29-1518

Ward Affected: St Peter's & North Laine

### 156 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 24 March 2016 Council meeting for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, each Group may specify one further item to be included by notifying the Chief Executive no later than 10.00am on 14 March 2016 (the eighth working day before the Council meeting to which the report is to be made), or if the Committee meeting takes place after this deadline, immediately at the conclusion of the Committee meeting.

### **POLICY & RESOURCES COMMITTEE**

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For further details and general enquiries about this meeting contact Ross Keatley, (01273 291064, email ross.keatley@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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Date of Publication - Wednesday, 9 March 2016

# POLICY & RESOURCES COMMITTEE

### Agenda Item 136

Brighton & Hove City Council

### **BRIGHTON & HOVE CITY COUNCIL**

### **POLICY & RESOURCES COMMITTEE**

### 4.00pm 11 FEBRUARY 2016

### **BRIGHTHELM CHURCH AND COMMUNITY CENTRE**

### **MINUTES**

**Present:** Councillors Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bewick, Janio, Mitchell, A Norman, Sykes and Wealls

### **PART ONE**

- 115 PROCEDURAL BUSINESS
- (a) Declarations of Substitutes
- 115.1 There were none.
- (b) Declarations of Interest
- 115.2 There were no declarations of interests in matters listed on the agenda.
- (c) Exclusion of Press and Public
- 115.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any of the items listed on the agenda.
- 115.4 **RESOLVED:** That the press and public be excluded from the meeting during consideration of the items contained in part two of the agenda.
- 116 MINUTES
- 116.1 **RESOLVED –** That the Chair be authorised to sign the minutes of the meeting held on 21 January 2016 as a correct record.
- 117 CHAIR'S COMMUNICATIONS
- 117.1 The Chair thanked all staff that helped to deal with the aftermath of storm Imogen across the city, which has resulted in the temporary closure of the King Alfred pool. Since the last meeting of the Committee the Royal Pavilion had been awarded Heritage Lottery grant funding for major refurbishment as part of phase 1 of the

regeneration of the site. The Department for Education had agreed funding for a much needed new secondary school in the city by 2019, with the University of Brighton being the local sponsor.

117.2 The meeting would be considering the four-year budget in light of reduced funding from Central Government; it was highlighted that the authority had not received transitional funding sums similar to those given to neighbouring county councils. The Chair also highlighted the City Innovation Challenge which closed on 19 February – he urged young people to enter.

### 118 CALL OVER

118.1 The following items were reserved for discussion:

Item 121	General Fund Revenue Budget & Council Tax 2016/17
Item 122	Housing Revenue Account Budget and Investment Programme 2016/17
	and Medium Term Financial Strategy
Item 123	Capital Resources and Capital Investment Report
Item 124	Fees & Charges 2016/17 – Assistant Chief Executive Directorate
Item 125	Targeted Budget Management (TBM) 2015/16 Month 9
Item 127	City Centre Bid Renewal
Item 128	Temporary Staff Agency Tender
Item 130	Stanmer Park Programme: Update and Next Steps in Relation to Funding
	Home Farm Redevelopment and Management Structure
Item 132	Stanmer Park Programme: Update and Next Steps in Relation to Funding
	Home Farm Redevelopment and Management Structure - Exemp
	Category 3

- 118.2 The Democratic Services Manager confirmed that the items listed above had been reserved for discussion, and that the following reports of the agenda, with the recommendations therein had been approved and adopted.
  - Item 126 Information Governance Strategy
  - Item 129 Recruitment Advertising Marketing & Communications Contract

### 119 PUBLIC INVOLVEMENT

### **Petitions**

119.1 The Chair noted there was one petition referred from Council on 28 January 2016 entitled 'Save the Brighton & Hove Animal Welfare Team' on behalf of Brighton Dogwatch. In response to the petition the Chair read the following:

'The Council are very pleased to be able to tell you that we have found funding, to replace one of the posts proposed to be withdrawn, so that the dog attack and prosecution work can continue to be covered.

We will be involving the animal welfare service in future discussions around neighbourhood service delivery, so that this important work continues.

### **POLICY & RESOURCES COMMITTEE**

We will also be ensuring active support for constituting Dogwatch as an organisation via Community Works.

We are really glad that we have been able to do this and look forward to further conversations with you as we take the work forward.'

- 119.2 **RESOLVED –** That the Committee note the petition.
- 119.3 The Chair noted there was a petition for presentation in relation to 'Sustainable Bus Service for the residents of the Coombe Road and Meadowview Areas', the Chair called forward Mitch Alexander to present the petition.
- 119.4 Ms Alexander explained that approximately 5,000 people lived in this 'remote' area of the city which was accessed by a long steep hill and had a lack of amenities in the immediate area. The current bus service was inadequate with residents waiting up to 70 minutes between services and walking not being a safe or practical option for many. The petition asked the Council to lay down provision for a sustainable and satisfactory service; residents were currently being marginalised and many young people were not able to partake in after school activities as well as the disproportionate effect on low income families. The petition had been signed by over 1000 people that wished to be able to access services in the city centre, and it was 'socially necessary' for residents to be able to use a frequent and reliable service.
- 119.5 By way of response the Chair read the following:

Thank you for your petition regarding buses in the Meadowview area. As you will be aware, previously most of these services were run commercially by Brighton & Hove Buses, but unfortunately they were not financially viable to maintain commercially. The importance of these services to the local community is understood by the council, as well as the negative impacts that would result from the loss of most bus services. Consequently the council decided to step in and fund these services, which are now provided by Compass in the form of the number 37 route. As you will be aware the council is facing extremely difficult financial challenges, and at this moment in time it is unable to increase the frequency of the routes. However, we will continue working with the bus operator to achieve the best possible bus service for Meadowview from the resources available, and to ensure that real time bus departure information is provided.'

- 119.6 Councillor Mitchell added that from April the service would be operated by Compass; though it was recognised that this would be a reduced frequency; however, consultation was ongoing in relation to wider supported network to look at where services could be increased and the results of this consultation would be bought to Committee.
- 119.7 **RESOLVED –** That the Committee note the petition.

### **Deputations**

- 119.8 The Chair noted there was a deputation from the Central Area Housing Management Panel in relation to the Estate Development Budget in the 2015/16 HRA Plan. The Chair called forward Barry Hughes to present the deputation.
- 119.9 Mr Hughes stated in the past residents had been given details of the following year's proposed HRA budget in December' however, this had not been provided until just before the January meeting of the Housing & New Homes Committee and residents were told that the strategy would fund priority investments for tenants and leaseholders. Residents were of the view that they had not been given enough time to consider the information and in response an emergency meeting was held. The meeting had agreed that future consultation on the HRA would start in September; however, the Housing Management Panel were still of the view that the reduction in funding to the EDB was unacceptable and the reserve funding for the following year should be used to restore the funding in the EDB for the 2016/17 financial year. It was highlighted that historically the EDB fund had been able to create reductions in maintenance through the work it undertook; the proposed approach of the Housing Management Panel sought to reduce the budget through shrinking the administration costs, but still provide a focus on facilitating community projects.
- 119.10 The full response was given to the deputation in writing and it was agreed that this would be included in the minutes as set out below:

'Thank you to the Central Area Housing Panel for raising this request to the P&R Committee in the form of a deputation.

The Estate and Environmental Improvements Programme budget is made up of three areas of spend. They are the *Estate Development Budget* (EDB) which forms the bulk of the budget, a much smaller fencing budget, and a smaller still cycling budget. The proposal is that this total budget reduce from £618k in 2015/16 to £500k in 2016/17, and then to £300k from 2017/18 to 2019/20. However, the recommendation in the Committee report is to approve the 2016/17 budget only. The future years' budgets are provisional, and are therefore for information only.

In respect of *Estate Development Budget* only, for 2016/17 the proposal is for £451k in the budget, compared to £540k for this current year. Despite the proposed reduction in the budget, the actual amount to be spent on *Estate Development Budget* in 2016/17 will not change because there is approximately £496k of unallocated money in reserves from previous years' *Estate Development Budget* underspend. The higher amount of £599k quoted in the Central Area Panel's deputation includes money that is currently unspent, but that has been committed. Residents will therefore not experience any change from this budget reduction. In addition for 2017/18, when the *Estate Development Budget* is proposed to reduce again, there will be still be reserves from the previous years' underspends to make up the shortfall, as suggested by the Central Area Panel.

The report going to the *Estate Development Budget* voting Area Panel meetings in April this year will set out this position for tenants as the decisions around the budget proposals will be known.

The proposal to reduce the Estate and Environmental Improvements Programme budget is to help the Housing Revenue Account manage significant risks posed by external changes that will affect income over the coming years.

The risks come from a number of factors. The first significant external change is the 1% reduction in rent from April 2016 which is likely to see a reduction in rental income of around £14m to the Housing Revenue Account over the next four years. The second is the welfare reform changes – particularly the local implementation of Universal Credit from December last year. This sees the rent element of benefit payments now being made directly to claimants who are then responsible for paying their rent, rather than Housing Benefit being paid directly to social landlords.

Other potential risks to the Housing Revenue Account include the proposed requirement in the Housing & Planning Bill for local authorities to sell their high value council homes when they become vacant while not being able to keep the receipts from such sales, and the proposal to charge higher rent to people earning above £30,000 a year. Both these measures are likely to reduce the housing stock, which will in turn reduce the council's yearly rental income.

All these factors mean that there is less money available to spend on the capital programme, at a time when there is still a need for investment in existing homes as well as a need for investment in new build properties to increase the supply of housing in the city.

By mainstreaming spend wherever possible, and reducing the Estate and Environmental Improvements Programme budget, the council is better able to maintain investment in local housing.

I appreciate tenants concern about influencing or deciding on how parts of the budget are spent. And I am assured that through ongoing engagement and consultations, tenants will still feed into prioritising how the capital programme is spent across the city for the benefit of all current and future tenants. This will particularly be through the budget consultations expected to start in September this year (for spend in 2017/18).'

- 119.11 **RESOLVED –** That the Committee note the deputation.
- 119.12 The Chair noted there were no other public involvement matters.

### 120 MEMBER INVOLVEMENT

### **Member Questions**

- 120.1 The Chair noted that there were two Members questions; he invited Councillor Mac Cafferty to put this question to the Committee.
- 120.2 Councillor Mac Cafferty asked:

'How will the proposed cut to the Park Rangers team affect future grant applications, especially the Lottery funding for Stanmer Park?'

120.3 The Chair gave the following response:

'The proposed budget cuts have no direct implications for grant applications that are being progressed, like the one for Stanmer Park. We are retaining 7 full time equivalent Ranger posts and including a new Public Rights of Way Officer

As part of the grant application the council needs to produce a business plan which identifies the resources needed (including staff and volunteers) to protect any investment and set out how these resources will be funded. Those resources need to be protected for an agreed period set out in the terms of the grant. The same applies to The Level where resources agreed as part of the external investment have to be protected.'

- 120.4 The Chair noted the second question was form Councillor G. Theobald and invited him to put his question to the Committee.
- 120.5 Councillor G. Theobald asked:

'I am asking the following question on behalf of a resident in my Ward: The scale of the proposed cuts to the Ranger Service would, if implemented, put at risk all the highly successful wildlife and nature conservation work that has been carried out by the Rangers and volunteers over a number of years. The level of cuts to the Ranger Service would simply not be able to sustain this, especially when the number of sites they cover is taken into consideration. This would threaten our prestigious UNESCO Biosphere Reserve status which the Rangers and volunteers worked so hard to achieve. How would you combat these issues with the proposed reductions in the number of Rangers?'

120.6 The Chair gave the following response:

'Thank you for your question. We are faced with unprecedented cuts to our funding and finding solutions to these cuts are complex. Through our budget consultations have listened to the views of our residents and community groups and the budget proposals being put forward means we are able to continue with the engagement and volunteer support work through retaining 7 full time equivalent Ranger posts and including a new Public Rights of Way Officer. This is a net reduction of one full time post.'

- 120.7 By way of a supplementary question Councillor G. Theobald asked for further clarification on the proposed changes to the service, and in response it was agree that a full briefing note would be circulated to the Committee after the meeting.
- 120.8 The Chair noted there were no other matters listed under Member Involvement.

### 121 GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2016/17

121.1 The Committee considered a report of the Acting Executive Director for Finance & Resources in relation to General Fund Revenue Budget & Council Tax 2016/17. The report set out the proposals for the General Fund Revenue Budget and Council Tax for

2016/17 together with the 4-Year Service & Financial Plans up to 2019/20. In the absence of freeze grant availability, the increase in the Council Tax level was based on the minority Administration's Council Tax proposals of 1.99% together with a further 2% increase in respect of the Adult Social Care precept. All proposals and options took into account feedback and evidence received by the Council through various consultation and engagement processes and Equalities Impact Assessments.

- 121.2 The Chair thanked all Officers that had been involved in drafting the budget, and noted the scale of work that had been undertaken.
- 121.3 Councillor Sykes highlighted pension fund contributions, raising queries in relation to the accuracy of the figures; Officers agreed that this would be checked and the outcome of this communicated to Members.
- 121.4 In response to Councillor Mac Cafferty it was explained that there was corporate oversight of all the equality impact assessments (EIAs) and the drafting of the cumulative impact statement. Officers agreed to look into any potential inconsistencies in the approach.
- 121.5 Councillor G. Theobald also extended thanks to the work undertaken by Officers up to this point.
- 121.6 In response to queries in relation to the Park Ranger Service and budget provision from Councillor Wealls it was agreed that a briefing note would be sent to the whole Committee outlining the proposed changes. Councillor A. Norman also referenced the Park Ranger Service and stated that it was difficult to operate the service with the seven current staff, and she noted they were carrying out much needed important work.
- 121.7 Councillor G. Theobald asked specific questions in relation to the grants programme and the deferral of the proposed budget savings for a year to coincide with the ending of the current 3 year grants programme and the move to a commissioning structure. In response Officers agreed to circulate a full response to the Committee.
- 121.8 Councillor Sykes also praised Officers for the work they had undertaken on the budget. He went to highlight his disappointment with the level of consultation that had been undertaken, and noted there had been no formal budget Scrutiny meeting. He stated that the cuts approach was 'chaotic' and there was impact identified on protected groups; he added that better scrutiny of the medium term financial strategy during the financial year could better help protect services during the budget setting phase.
- 121.9 Councillor Wealls highlighted the number of services that were currently deemed to be 'poor value for money' and stated his view that the previous Administration's management of the organisation was evident in some of the budget proposals before the Committee.
- 121.10 Councillor Hamilton noted that a recent meeting of the budget review group had looked at the means to undertake more electronic consultation in future, and he highlighted that both of the opposition parties would be able to propose amendments as part of the

usual budget setting process. He also extended thanks to the work undertaken by Officers.

- 121.11 The Chair noted that the Customer First in a Digital Age would seek to extend electronic consultation.
- 121.12 The Chair put the following proposed amendment from the Environment, Transport & Sustainability Committee to the vote:

That the Committee agrees to recommend to Council that Low Emission Vehicle and Car Club permits be frozen at current rates.

The amendment was carried.

121.13 The Chair put the amended recommendations to the vote.

### 121.14 **RESOLVED TO RECOMMEND:** That the Committee recommends to Council:

- 1) The Administration's proposed Council Tax increase in the Brighton & Hove element of the council tax, comprising:
  - (i) A general Council Tax increase of 1.99%;
  - (ii) An Adult Social Care precept increase of 2.00%;
  - (iii) The Council's net General Fund budget requirement for 2016/17 of £209.571m;
  - (iv) The 2016/17 budget allocations to services as set out in Appendix 1;
  - (v) The reserves allocations as set out in paragraph 3.25 and table 2;
  - (vi) The Prudential Indicators as set out in Appendix 9 to this report.
- 2) That Council note the Equalities Impact Assessments to cover all budget options and their cumulative effect are set out in Appendices 10 and 11.
- 3) That Council approves the authorised borrowing limit for the year commencing 1 April 2016 of £404m.
- 4) That Council approves the annual Minimum Revenue Provision statement as set out in Appendix 8.
- 5) That Council note the 4-Year Service & Financial Plans including savings proposals for later years up to and including 2019/20.
- 6) That the Council note the approach to managing risk and successful delivery set out in paragraph 3.47.

- 7) That Council note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.3.
- 8) That the Committee agrees that:
  - i) Officers be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.
- 9) That Low Emission Vehicle and Car Club permits be frozen at current rates.

## 122 HOUSING REVENUE ACCOUNT BUDGET AND INVESTMENT PROGRAMME 2016/17 AND MEDIUM TERM FINANCIAL STRATEGY

- The Committee considered a joint report of the Acting Executive Director for Finance & Resources and the Acting Executive Director for Environment, Development & Housing. The report proposed the Housing Revenue Account (HRA) revenue and capital budget for 2016/17 as required by the Local Government and Housing Act 1989. The Committee were required to consider the revenue budget proposals including savings and service pressures as well as changes to rents, fees and charges and also the capital programme. The report also set out the Medium Term Strategy and 30 year forecast.
- 122.2 In response to Councillor Mac Cafferty it was explained that following discussions with the Housing & New Homes Committee an additional consultation event had been held in relation to the HRA budget; this had been referred in the earlier deputation at Item 119(C). The event had been run as an Officer facilitated workshop; the questions and queries raised at the event had been collated and fed back to the attendees for their information.
- 122.3 Councillor Janio proposed that recommendation 2(c) be amended to include a rent reduction for seniors sheltered housing; this was seconded by Councillor G. Theobald.
- 123.4 The Monitoring Officer explained the amended recommendations before the Committee were the result of the resolution from the Housing & New Homes Committee to not make a positive recommendation and some developments in the position from Central Government to allow greater flexibility for local authorities.
- 123.5 The Chair then put the following amended recommendation 2(c) to the vote:

That the Committee approves a rent reduction of 1% in line with draft government legislation as detailed in paragraph 3.7, including seniors sheltered housing rents.

The amendment was carried.

123.6 The Chair then put the amended recommendations to the vote:

### 123.7 **RESOLVED**:

1) That Policy & Resources Committee:

- (a) note that the HRA revenue budget 2016/17 savings proposals have increased by £0.133m since being reported to Housing & New Homes Committee as detailed in paragraph 3.4.
- (b) approves and recommends to Council the updated HRA revenue budget for 2016/17 as shown in Appendix 1
- (c) approves a rent reduction of 1% in line with draft government legislation as detailed in paragraph 3.7, including seniors sheltered housing rents.
- (d) approves service charges and fees as detailed in Appendix 2 and delegates authority to the Acting Executive Director of Environment, Development & Housing to make further amendments to communal service charges and laundry charges (to ensure cost recovery) once notification of new contract prices (from April 2016) has been received.
- (e) approves the capital programme expenditure and financing budget of £43.047 million for 2016/17 and notes the 4 year programme as set out in Appendix 3.
- (f) notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 4.
- (g) notes the feedback from Area Panel representatives consultation as detailed in Appendix 5

### **RESOLVED TO RECOMMEND**

- 2) That the Committee recommends that Council:
  - (a) approves the updated HRA revenue budget for 2016/17 as shown in Appendix 1
  - (b) notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 4.

### 123 CAPITAL RESOURCES AND CAPITAL INVESTMENT REPORT 2016/17

- 123.1 The Committee considered a report of the Acting Executive Director for Finance & Resources in relation to the Capital Resources and Capital Investment Programme 2016/17. The purpose of the report was to inform the Committee of the level of available capital resources in 2016/17 to enable the Committee to propose a Capital Investment Programme for 201617 to Budget Council.
- 123.2 In response to Councillor Janio Officers agreed to provide the spend in previous years by of context; this would be circulated after the meeting.
- 123.4 In response to Councillor Wealls it was agreed that an update in relation to the Customer First in a Digital Age Programme would be circulated to the Committee following the meeting.

- 123.5 The Chair then put the recommendations to the vote:
- 123.6 **RESOLVED TO RECOMMEND:** That the Committee recommend to Council the following:
  - 1) The Capital Investment Programme for 2016/17 in appendix 1.
  - 2) To note the estimated capital resources in future years as detailed in appendix 1.
  - 3) To allocate £0.25m resources in 2016/17 for the Strategic Investment Fund for the purposes set out in paragraph 3.19.
  - 4) To note the £2.0m for the ICT fund for investment into the Customer First in a Digital Age strategy.
  - 5) To allocate £1.0m for the Asset Management Fund.
  - 6) The proposed use of council borrowing as set out in paragraph 3.36 and appendix 3.

### 124 FEES & CHARGES 2016/17 - ASSISTANT CHIEF EXECUTIVE DIRECTORATE

- 124.1 The Committee considered a report of the Assistant Chief Executive in relation to Fees & Charges 2016/17 Assistant Chief Executive Directorate. The fees and charges for services were reviewed annually in line with the Corporate Fees & Charges Policy; the policy required that any proposed increases over and above the corporate rate of inflation be agreed by the appropriate service Committee. The combined report presented the review of fees and charges across five service areas: libraries, seafront, sports facilities, Brighton Centre and outdoor events the changes would be implemented from April 2016.
- 124.2 In response to Councillor Wealls it was explained that the proposed above inflation increase for sports facilities was retained by the operator; Freedom Leisure were a 'not for profit' organisation and the contract was viewed as a partnership between them and the authority.
- 124.3 In response to Councillor Sykes the Assistant Chief Executive explained that the Brighton Centre operated as a commercial venture; the manager there would be working to keep up the profile during the run in to the Waterfront redevelopment and there was inbuilt flexibility in the charging policy.
- 124.4 In response to Councillor Sykes the Head of Libraries explained that historically the authority had differed from comparator authorities by not having fees for children and young people, and the proposed fees was being partially used as a means to address the shortfall in income, there was also a reduction each year in income from traditional charges the alternative solution would be to consider a reduction in spending on new books.

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- 125.5 Councillor Hamilton highlighted the position of the authority was to keep libraries open, and this was being achieved in the context of many other local authorities closing facilities.
- 125.6 The Chair then put the recommendations to the vote.

### 125.7 **RESOLVED**:

- 1) That the committee approves the fees and charges for Libraries and Information Services for 2016/17 in Appendix 1.
- 2) That the committee approves the fees and charges for the Seafront for 2016/17 in Appendix 2.
- 3) That the committee approves the increase in the Beach Hut Licence Fee to achieve a budget saving as per 3.3.4.
- 4) That the committee approves the fees and charges for Sports Facilities for 2016/17 in Appendix 3.
- 5) That the committee approves the fees and charges for the Brighton Centre for 2016/17 in Appendix 4.
- 6) That the committee approves the fees and charges for Outdoor Events for 2016/17 in Appendix 5.
- 7) That the committee grants delegated authority for officers to negotiate hire fees where commercially necessary outside the approved fees & charges.

### 125 TARGETED BUDGET MANAGEMENT (TBM) 2015/16 MONTH 9

- The Committee considered a report of the Acting Executive Director for Finance & Resources in relation to Targeted Budget Management (TBM) 2015/16 Month 9. The TBM report was a key component of the Council's overall performance monitoring and control framework; the report set out the projected forecast risk at Month 9 on the Council's revenue and capital budget for the financial year 2015/16.
- 125.2 In response to Councillor Sykes it was explained that the improved position in relation to the council tax outturn for 2015/16 related to lower than forecast Council Tax Reduction (CTR) discounts; lower student exemptions awards; higher than forecast property numbers, band increases and reduction in bad debt provision this had been reflected in the January 2016 Council Tax Base report. The reduction in the number of CTR claimants would be factored into the calculation for next year.
- 125.3 In response to Councillor G. Theobald it was explained that there was still one building to be vacated before demolition of the Circus Street site could take place prior to the commencement of the redevelopment.

- 125.4 Councillor A. Norman highlighted the considerable amount of time that needed to be taken on each 'deprivation of liberty case', and the very significant effect this had on the authority's duty of care for adults.
- 125.5 In response to Councillor Wealls the Executive Director for Children's Services explained that a decision had been made to not proceed to with the contractor to assist in the recruitment of in-house fosters carers through to the second phase of the project. In relation to pressure on the fund, it was agreed that the details of this would be circulated to the Committee after the meeting.
- 125.6 Councillor Bewick highlighted the Children's Services capital budget in relation to Portslade Aldridge Community Academy; he noted that the project had been agreed by the previous administration with no capital overspend provision.
- 125.7 The Chair then put the recommendations to the vote:
- 125.8 **RESOLVED** That the Committee:
  - 1) Note the forecast risk position for the General Fund, which indicates a budget pressure of £0.941m. This consists of £0.452m on council controlled budgets and £0.489m on the council's share of the NHS managed Section 75 services.
  - 2) Note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.874m.
  - 3) Note the forecast for the Dedicated Schools Grant which is an underspend of £0.108m.
  - 4) Note the forecast outturn position on the capital programme
  - 5) Approve the capital programme variations and reprofiles in Appendix 4 and new capital schemes in Appendix 5.

### 126 INFORMATION GOVERNANCE STRATEGY

126.1 **RESOLVED –** That the Committee agrees the Information Governance Strategy attached as Appendix 1 to this report.

### 127 CITY CENTRE BID RENEWAL

- 127.1 The Committee considered a report of the Acting Executive Director for Environment, Development & Housing in relation to City Centre BID Renewal. The report sought support for the renewal of the City Centre Business Improvement District (BID) in 2016.
- 127.2 In response to Councillor Sykes it was explained that recycling and waste removal were high on the agenda for local business, and there was work ongoing with both City Clean and local sustainable waste service providers. Work was being undertaken to deliver savings to the business community and as well as the potential buying power for the authority to start commercial waste collection services.

- 127.3 In response to Councillor Wealls it was explained that there was disappointment with the uptake and interest from businesses in the Hove area of the city; whilst it was acknowledged there was some issue with branding initially, it was considered that this was not the only barrier to increased interest from that business locality. It was also suggested that businesses further from the city entre were less likely to see the benefits; however, there was still ongoing work with the Hove Business Partnership and there was funding to allow them to make improvements.
- 127.4 In response to Councillor Mac Cafferty it was explained there would be work undertaken to help businesses to understand the justification and benefit of the retention of business rates locally; work such as use of grant funding for pop up shops or renting spaces in existing shops were examples of benefits to the business community.
- 127.5 The Chair then put the recommendations to the vote.

### 127.6 **RESOLVED**:

- 1) That the Committee supports the renewal of the City Centre Business Improvement District (BID) for the period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2021.
- 2) The Council agrees the associated Renewal Operating Agreement
- 3) That Council agrees to post a Notice of Ballot by 19<sup>th</sup> February 2016 pursuant to the Business Improvement District (England) regulations 2004.
- 4) That the Acting Executive Director for Environment, Development & Housing be authorised to take all steps necessary or incidental to the BID proposals before and after the ballot.

### 128 TEMPORARY STAFF AGENCY TENDER

- 128.1 The Committee considered a report of the Chief Executive in relation to Temporary Staff Agency Tender. The purpose of the report was to seek approval for a five year contract for the supply of temporary agency staff to Brighton & Hove City Council.
- 128.2 In response to Councillor Wealls it was clarified that the rates against individual purchasers varied in terms of the area of employment.
- 128.3 The Chair then put the recommendations to the vote.
- 128.4 **RESOLVED -** That the Committee grant delegated authority to the Executive Director Finance & Resourcing to procure and award a contract to provide temporary staffing service with a term of up to five years under the Eastern Shires Purchasing Organisation Framework Agreement for Managed Services for Temporary Agency Resource (the 'ESPO framework').

### 129 RECRUITMENT ADVERTISING MARKETING & COMMUNICATIONS CONTRACT

### 129.1 **RESOLVED**:

- That the Committee approve Brighton & Hove City Council to commence the procurement of a new contract for the provision of Recruitment Advertising Marketing and Communication Services including Public Notices for 2 years with the option to extend for a year.
- 2) That the Council jointly procures this service with the partner organisations mentioned in 1.2 above (the Consortium)
- 3) That following the procurement using the ESPO Framework the council as lead authority awards the contract on behalf of the Consortium.

# 130 STANMER PARK PROGRAMME: UPDATE AND NEXT STEPS IN RELATION TO FUNDING, HOME FARM REDEVELOPMENT AND MANAGEMENT STRUCTURE

- 130.1 The Committee considered a report of the Acting Executive Director for Environment, Development & Housing in relation to Stanmer Park Programme: Update and Next Steps in Relation to Funding, Home Farm Redevelopment and Management Structure. It was also highlighted that there was a proposed Officer amendment in relation to Recommendation 1) that had been agreed in consultation with Members.
- 130.2 Councillor G. Theobald welcomed the report and noted he was happy with the proposed Officer recommendation.
- 130.3 The Chair moved the amendment, and this was seconded by Councillor Mitchell the proposed amendment to recommendation 1) (set out below) was then put to the Committee:

That Committee agrees in principle to the proposal in the report relating to the disposal of identified non-core agricultural assets to support the funding of the redevelopment of the traditional agricultural buildings in Stanmer.

This was carried.

- 130.4 In response to Councillor Mac Cafferty it was clarified that there was continual ongoing consultation with residents and the local community.
- 130.5 In response to Councillor Sykes it was explained that the South Downs National Park were still expressing a strong desire to lease office space at the site, and they were seen as an 'anchor tenant'.
- 130.6 The Chair then put the amended recommendations to the vote.

### 130.7 **RESOLVED**:

 That Committee agrees in principle to the proposal in the report relating to the disposal of identified non-core agricultural assets to support the funding of the redevelopment of the traditional agricultural buildings in Stanmer.

- 2) That Committee instructs officers to bring a report back to Committee for final approval following the outcome of the development appraisal review that details the disposals and the funding proposal referred to in 2.1 above.
- 3) That the Committee authorises the Assistant Director Property & Design to commission a consultant to prepare a review of the Development Appraisal of the Traditional Agricultural Buildings to evaluate the cost of developing the buildings to meet the council's objectives as set out in the Cabinet Report dated April 2012. In addition, surveys will be required of the buildings in preparation of the works to be completed. A revised proposal and recommendation for the development of the Traditional Agricultural Buildings will be presented to Policy & Resources Committee at a later date for the Committee to consider, following completion of the revised Development Appraisal.
- 4) That the Committee authorises the Acting Executive Director Environment Development & Housing, Assistant Director Property & Design and Head of Legal Services to approve terms for the disposal of 3 surplus corporate landlord assets, (client City Parks) to support the re-location of the Stanmer Park depot, set out in Appendix 1B part two of this report.
- 5) That Committee notes the progress made in considering an alternative management structure for Stanmer Park to allow income from the park to be ringfenced and reinvested to support the long term future of the park and maintenance of its heritage. A more detailed consideration of the options and a recommended approach will be presented to Policy &Resources Committee prior to the submission of the Parks for People application for the Committee to consider.

### 131 ITEMS REFERRED FOR COUNCIL

131.1 There were no items referred to Council on 24 March 2016.

# 132 STANMER PARK PROGRAMME: UPDATE AND NEXT STEPS IN RELATION TO FUNDING, HOME FARM REDEVELOPMENT AND MANAGEMENT STRUCTURE - EXEMPT CATEGORY 3

132.1 **RESOLVED –** That the Committee note the information contained in the Part Two appendix.

### 133 PART TWO MINUTES

133.1 **RESOLVED –** That the Chair be authorised to sign the Part Two minutes of the meeting held on 21 January 2016.

### 134 PART TWO PROCEEDINGS

134.1 **RESOLVED** – That the information contained in Item 130 remain exempt from disclosure to the press and public.

### **POLICY & RESOURCES COMMITTEE**

### 11 FEBRUARY 2016

The meeting concluded at 6.27pm	

Signed Chair

Dated this day of

### **POLICY & RESOURCES**

Agenda Item 140(d)

17 March 2016

**Brighton & Hove City Council** 

### NOTICE OF MOTION

### **FAIR TRADE**

### "This Council:

Welcomes the City's renewal in December 2015 of its Fairtrade City status - first awarded in 2004.

Congratulates the work of the Fairtrade Steering Group over the past years in promoting fair trade to businesses, buyers and consumers and building a partnership which includes Brighton University (the flagship employer), local fair trade retailers and business owners, the Brighton and Hove Food Partnership, faith groups, schools, Councillor representatives on the steering group and Council staff.

Endorses the help being given to the Steering Group by the Economic Development team to promote fair trade to local businesses.

### This Council resolves:

To support Fairtrade Fortnight 29<sup>th</sup> February to 13<sup>th</sup> March and encourage its suppliers, partners and staff to celebrate the event, which is themed "Sit down for breakfast, stand up for farmers".

To request that Officers draw attention to the educational benefits of fair trade and raise awareness of Fairtrade Fortnight by highlighting it in the Schools Bulletin and suggesting ways in which schools might participate.

To request the Policy & Resources Committee to maintain the Council's commitment to fair trade as part of the Minimum Buying Standards for food and catering contracts, and to look for opportunities to increase its commitment to buying fair trade as much as current budget constraints allow.

### Supporting information:

Brighton and Hove's commitment to fair trade fits with the city's high levels of interest in ethical business. Fair trade is a sustainable way of trading internationally by giving producers the financial security they need to plan their lives, educate their children and invest properly in their businesses. This in turn gives them resilience and stability, improving global security and in the long term reducing the need for migration.

# POLICY & RESOURCES COMMITTEE

### Agenda Item 141

**Brighton & Hove City Council** 

Subject: Adoption of the City Plan Part 1

Date of Meeting: 17 March 2016 – Policy & Resources Committee

24 March 20016 - Council

Report of: Acting Executive Director Environment,

**Development &** 

Housing

Contact Officer: Name: Helen Gregory, Principal

Tel: 29-2293

Planning Officer

Email: <u>Helen.gregory@brighton-hove.gov.uk</u>

Ward(s) affected: All

### FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The purpose of this report is to recommend adoption of the Brighton & Hove City Plan Part 1(including its annexes and the Policies Map) following the receipt of the Inspector's Report that concluded that subject to modifications the City Plan Part 1 is sound. Once adopted, the City Plan Part 1 will replace a number of policies in the 2005 Brighton & Hove Local Plan.
- 1.2 The City Plan Part 1 is the strategic land use development plan for Brighton & Hove (excluding the National Park). Adoption of the plan will help to ensure there is the right balance between homes and jobs in the city. It will help to deliver housing, economic growth, a high standard of design, regeneration of key sites and ensure effective infrastructure planning. This is particularly important in Brighton & Hove where there are constraints on outward growth (sea to the south and National Park to the north) and a significant housing need.
- 1.3 An adopted City Plan will ensure that decisions on new development are based on local priorities and that full weight can be given to locally adopted strategies and development policies. An adopted City Plan gives certainty and confidence to the development industry and will ensure development schemes progress in a properly planned and coordinated manner with the timely provision of necessary infrastructure.
- 1.4 This report also seeks approval of an updated study as a background evidence document to support the City Plan. A summary of this updated document is set out in Appendix 4 and copies have been placed in Members' Rooms.

### 2. RECOMMENDATIONS:

Policy and Resources Committee recommend to Council that:

2.1 The submitted Brighton & Hove City Plan Part One including its annexes and Policies Map, amended to include all the main modifications recommended by

the planning inspector to make the plan sound, together with other minor modifications already noted by 16 October 2014 Policy and Resources Committee be adopted and published (including any consequential and other appropriate alterations for the purposes of clarification, improved accuracy of meaning or typographical corrections, being necessary) in accordance with Section 23 of the *Planning and Compulsory Purchase Act 2004* and Regulation 26 of the *Town and Country Planning (Local Planning) (England) Regulations* 2012.

- 2.2 It notes that on adoption of the City Plan Part 1 a number of policies in the 2005 Brighton & Hove Local Plan will be superseded. These superseded policies are listed in Annex 4 of the City Plan Part 1 (a copy is placed in the Members' Rooms and available on the council's website);
- 2.3 That the 'Objectively Assessed Need for Housing: Brighton & Hove, June 2015' study is approved as supporting evidence for the City Plan and further Development Plan Documents (summarised in Appendix 4).

### 3. CONTEXT/ BACKGROUND INFORMATION

3.1 The City Plan Part 1 sets the strategic development and land-use priorities to 2030 and a number of city wide development management policies. The City Plan is of fundamental importance to the city's future prosperity. It provides an imperative for delivering much needed affordable homes and for encouraging sustainable development and high quality design. The City Plan provides the strategic planning framework to underpin the work of the Greater Brighton Economic Board; a strong grounding for Duty to Co-operate work with adjoining authorities and the preparation of neighbourhood plans. Its policies will be material planning considerations in the determination of planning applications.

### **City Plan Examination**

3.2 Following a six week consultation from February to March 2013 on the Proposed Submission document, the City Plan Part 1, its Annexes and Policy Map along with supporting documentation were submitted to the Secretary of State for Examination in June 2013.

### **Examination timeline**

- June 2013 the Secretary of State appointed Inspector Laura Graham BSc MA MRTPI to examine the Plan for soundness (whether the City Plan is positively prepared, effective, justified and complies with national planning policy)
- July 2013 The Inspector took into account all written representations made on the City Plan Part 1 and held a number of public hearing sessions in October 2013 in order to test the plan and its evidence base. The key areas of discussion related to the Duty to Cooperate, housing land supply and viability issues.
- October 2013 Hearings in public held over 6 days at the Brighthelm Centre. The hearing sessions were attended by contributors from the development industry and also a number of residents and amenity groups.
- 13 December 2013 Following the completion of the examination hearings, the Inspector published her 'Initial conclusions' on 13 December 2013. This

- included a request for the council to carry out more detailed analysis of the potential for housing from the urban fringe. Further work was therefore undertaken to address the Inspector's concerns.
- 16 October 2014 A number of proposed 'Main Modifications' to the City Plan Part 1 were considered at the Policy & Resources meeting on 16 October 2014. At this meeting these modifications were approved and consultation took place between November and December 2014. The 187 representations made on the Proposed Modifications were sent to the Inspector for her consideration in February 2015.
- April 2015 The Inspector published a number of further matters and issues
  which she invited respondents to address through matter statements. This
  led to a focused number of further modifications related to an updated
  objectively assessed housing need figure and to reflect changes in national
  planning policy.
- June August 2015 consultation was undertaken on these further modifications. The 43 representations received were forwarded to the Inspector for her consideration.
- **September November 2015** a final stage of consultation was undertaken on further changes to one policy (CP8 Sustainable Buildings) following further changes in Government policy. The 15 representations were forwarded to the Inspector for her consideration.
- 5 February 2016 Inspector's Report Published.

### The Inspector's Report

3.3 The Planning Inspector published her report 5 February 2016. The Inspector concludes that subject to the recommended main modifications the City Plan Part 1 is legally compliant and sound and provides an appropriate basis for the planning of the City. The Inspector also confirmed that the Duty to Cooperate requirements have been met.

### **Overall Spatial Vision and Development Area Proposals**

- 3.4 The Inspector concludes that overall the Plan seeks to meet the city's development needs, so far as is compatible with preserving the natural and built heritage of the city and its surroundings. The Plan will deliver sustainable development, in accordance with the NPPF. The Sustainability Appraisal has adequately considered alternative options to meeting development needs.
- 3.5 The scale and mix of development in the eight Development Areas was found to be appropriate and deliverable and will assist in meeting the spatial objectives of the City Plan. The Inspector considers the benefits of the proposed development at Toad's Hole Valley to meet the city's need for housing outweigh the likely harm to the landscape and the setting of the National Park.

### **Housing Target and 5 Year Housing Land Supply**

3.6 The Inspector has recognised the significant constraints the city faces in finding new land for development because of its location between the English Channel and the South Downs National Park and the limited supply of vacant, derelict or underused brownfield sites within the urban area. Whilst she accepts the City Plan's housing target of 13,200 new homes is a very significant shortfall against

the need for new housing (30,120 new homes to 2030), she acknowledges the city's housing target is expressed as a minimum. She considers this offers scope for the housing target to be increased when more detailed consideration of individual sites is undertaken through Part 2 of the City Plan. The Inspector considers the Plan, as proposed to be modified in relation to urban fringe housing potential, will strike the right balance between meeting the needs for new housing and retaining open space. Further, she considers the 2014 Urban Fringe Assessment study to be robust.

3.7 The NPPF requires local planning authorities to describe how they will maintain delivery of a five year supply of housing land to meet their housing target. The Inspector considers the council's 5 year supply trajectory of housing sites to be an ambitious but realistic expectation of housing delivery throughout the Plan period and therefore acceptable. She notes the lack of flexibility in the 5 year supply of housing sites and considers this to be significant weakness of the Plan. However, she considers the adoption of the City Plan Part 1 will give greater certainty for the allocations contained within the Plan and will also facilitate allocation of additional housing sites in City Plan Part 2.

### Other Matters Considered by the Inspector

- 3.8 **Employment** the Inspector recognises the city acts as an important economic growth hub for the wider sub-region and notes that the council has not sought to accommodate all identified employment needs in full. In light of the findings of the Employment Land Study 2012 she considers that the approach to safeguarding employment land is justified with the modifications to policies providing further flexibility.
- 3.9 **Brighton Marina** whilst she did not support the council's designation of Brighton Marina as a District Centre, the Inspector considered the rest of the hierarchy of shopping centres appropriate and supported the council's evidence and approach to setting a local threshold for requiring a retail impact assessment. Given the limited opportunities to increase the supply of new housing the Inspector considered it important that Brighton Marina make as significant a contribution to the provision of new housing as possible. She considered there was convincing evidence that a cliff height restriction would threaten the viability of development and that a design-led approach would be preferable and these changes are reflected in the main modifications.
- 3.10 Other Housing Needs the Inspector supported the Affordable Housing Policy given the considerable level of need in the city and considers the Plan strikes an acceptable balance between the need for student accommodation and general housing needs. The plan has not met in full the government's requirements to identify a five year supply of deliverable sites and sites/ broad locations in the later years of the Plan period to meet the identified need for gypsies and traveller permanent pitches. However the Inspector notes the council's commitment to address this and considers this issue can be resolved more quickly through the adoption of City Plan Part 1 which will enable the council to move forward with Part 2 of the Plan and if necessary an early review of the Policy.
- 3.11 **Sustainable Buildings** with regard to the City Plan Policy on Sustainable Buildings (CP8), the Inspector accepts that there are local circumstances to

justify retaining the policy albeit in a significantly modified form. Specific standards relating to energy performance and higher water efficiency standards have been retained. The modifications to this policy also addressed her concerns with development viability.

### Main Modifications to the City Plan Part 1

- 3.12 Appended to the Inspector's Report is a schedule of modifications she considers necessary to make the Plan sound (this is attached at appendix 2). Those main modifications that relate to the City Plan annexes have been placed in the Members' Rooms and are available on the council's website:

  <a href="https://www.brighton-hove.gov.uk/content/planning/planning-policy/city-plan-part-one-examination">https://www.brighton-hove.gov.uk/content/planning/planning-policy/city-plan-part-one-examination</a>).
- 3.13 The changes shown are either underlined (additions) or struck through text (deletions). None of the Main Modifications are unexpected:
  - they relate to matters discussed at the examination hearing sessions;
  - arose from the Inspector's Initial Conclusions Letter (December 2013)
     which led to further work and main modifications consultation agreed by Policy & Resources Committee 16 October 2014;
  - they were required to bring a number of policies in conformance with changed national policies and were consulted upon over the summer and autumn 2015;
  - The majority of these modifications remain as consulted upon, only one new main modification has been added which relates to the inclusion of the list of superseded Local Plan policies as an annex to the Plan, which is necessary for legal compliance.
- 3.14 The council is also able to make additional minor modifications to the Plan where these do not materially affect the policies. These have largely been made in response to submission stage consultation responses and are not considered to represent a major shift in policy and include changes for clarification, consistency of terminology, correcting errors, and consequential amendments to reflect the Main Modifications. These were noted at the 16 October 2014 Policy & Resources Committee and were subject to formal consultation as part of the Modifications consultation but they are not included in the Inspector's schedule of main modifications as she considered they were not needed to make the Plan sound or legally compliant. These are included at Appendix 3 of the report.
- 3.15 For information, the Brighton & Hove City Plan Part 1 incorporating the Inspector's modification and the other minor modifications is available to view electronically on the council's website: <a href="https://www.brighton-hove.gov.uk/content/planning/planning-policy/city-plan">https://www.brighton-hove.gov.uk/content/planning/planning-policy/city-plan</a> including the Annexes (Annex 1 Implementation and Monitoring Plan, Annex 2 Infrastructure Delivery Plan and Annex 3 Housing Implementing Strategy, Annex 4 Local Plan Policies to be replaced by the City Plan Part 1) and the modified Policies Map. Hard copies of each of these documents have been placed in the Members' Rooms.

### **Next stage**

3.16 Following adoption (which takes effect immediately on the resolution of Council), the council must make the City Plan Part 1 (and annexes) publicly available as

soon as reasonably practicable. This includes the Policies Map, along with an 'adoption statement' and the final Sustainability Appraisal report and they must be published and made available for inspection. Parties involved in the process will also be notified.

- 3.17 There will be a period of six weeks for legal challenge during which any person aggrieved by the adoption of the City Plan Part 1 could make an application to the High Court under Section 113 of the Planning and Compulsory Purchase Act 2004 on the grounds that the document is not within the appropriate powers, or that a procedural requirement has not been complied with. The adopted City Plan Part 1 would remain in effect pending the outcome of any challenge unless the Court grants an interim order suspending its operation until the final determination of the challenge.
- 3.18 The adopted City Plan Part 1 will have the status as the Development Plan immediately following adoption. All decisions on applications and appeals (notwithstanding when an application or appeal was submitted) will need to be in accordance with the adopted Development Plan, unless material considerations indicate otherwise. The City Plan Part 1, once adopted, will replace a number of saved Brighton & Hove Local Plan policies (2005) and this is clarified in Annex 4 to the Plan.

### **Updated Supporting Evidence**

3.19 During the examination, an update to the Objectively Assessed Housing Need study was required given the publication of updated household projections by the DCLG in February 2015. The latest demographic projections expect stronger population growth and household formation over the plan period to 2030. Following interrogation of the demographic projections for Brighton & Hove, taking into account affordable housing need and market signals, the study advises that the objectively assessed housing need figure should be 30,120 homes. This is reflected in main modifications to the City Plan. A summary of the study is attached at Appendix 4 to this report.

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The City Plan Part 1 has been found to be sound and legally compliant subject to the main modifications required by the Inspector. As provided by s23(4) of the Planning and Compulsory Purchase Act 2004 the council cannot adopt a City Plan that is materially different from that recommended by the Planning Inspector; the Council cannot choose to accept some of the modifications and not others. The only options available to the council at this stage are to either adopt the Plan in its entirety, with all of the Main Modifications required by the Inspector, or to not adopt the Plan at all.
- 4.2 A considerable amount of resources have been expended on the preparation and examination of the Plan to date and to not adopt the Plan at this stage would risk this being wasted. As the council is expected to have an up-to-date, National Planning Policy Framework (NPPF) compliant, sound local plan in place, if this Plan is not adopted the process will have to be started again, either in its entirety or on focused elements. Each of the legal stages of its preparation, including submission and examination would need to be undertaken. The government is

- proposing to introduce a target that all Local Plan are in place by April 2017 otherwise it will intervene.
- 4.3 The recommendations in this report comply with the statutory requirements set out in The Planning and Compulsory Purchase Act 2004 and regulations made under that Act. Regard has been taken account of the NPPF and the National Planning Practice Guidance.

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The City Plan Part One has been subject to a number of stages of public engagement that have significantly helped to shape the Plan. There has been close working with the city's many Partnerships including the Economic Partnership, the Strategic Housing Partnership, the City Sustainability Partnership and Brighton & Hove Connected in preparing the document.
- 5.2 Formal consultation was also undertaken during the examination stage of the plan relating to the proposed modifications, further proposed modifications and proposed further modifications.

### 6. CONCLUSION

- 6.1 The City Plan Part 1 has been found to be sound and legally compliant subject to the main modifications required by the Inspector. An adopted City Plan will ensure that decisions on new development are based on local priorities and that full weight can be given to locally adopted strategies and development policies.
- An adopted City Plan gives certainty and confidence to the development industry and will help to deliver investment in the city. The adoption of the plan will result in the council being able to demonstrate a five-year housing land supply and so be in a stronger position to safeguard strategic employment sites, protect open spaces and resist inappropriate development in the urban fringe. With a clear and up to date policy framework in place, local decision making can ensure timely development and secure the most appropriate uses on key regeneration sites such as Preston Barracks and Black Rock site. At a time when the development industry is recovering from the recession, the City Plan will be critical for guiding and encouraging the investment that developers and the construction industry are seeking to bring to the city and secure the infrastructure needed (e.g. schools and health facilities).
- 6.3 An adopted City Plan gives greater certainty for the Council and all stakeholders to see development schemes progressed in a properly planned and coordinated manner. Planning law requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise, so an up to date Plan is critical for development management decision making. Without an up-to-date Plan, all planning decisions will be based on the guidance in the National Planning Policy Framework (NPPF), and local priorities will only be afforded limited weight.
- 6.4 Adoption of the City Plan Part 1 allows work to progress on the preparation of Part 2 of the City Plan which will contain the remaining site allocations and a

streamlined number of development management policies. This will ensure that the city has a clear, up-to-date local policy framework to guide development management decision making.

### 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

7.1 The costs associated with the examination and the process of adopting the City Plan Part 1 are funded from existing Planning Strategy and Projects revenue budgets and one-off revenue funding allocations made available for public examination costs.

Finance Officer Consulted: Sue Chapman Date: 12/02/16

### Legal Implications:

7.2 The statutory background to adoption of the City Plan Part One is set out in the body of the report. The report also advises as to the legal consequences of not adopting the Plan.

It is not considered that any adverse human rights implications arise from the report.

Lawyer Consulted: Hilary Woodward Date: 09/02/16

### **Equalities Implications:**

7.3 A Health and Equalities Impact Assessment was undertaken on the submission City Plan and the proposed main modifications. Overall the HEQIA concluded that the City Plan, as modified, presents policies that are co-ordinated to address health and well-being outcomes throughout the city.

### Sustainability Implications:

7.4 A key requirement of the NPPF is to achieve sustainable development. A Sustainability Appraisal (SA), incorporating the requirements of Strategic Environmental Assessment (SEA) has been carried out on the City Plan Part 1 and the proposed modifications. The Inspector concludes that overall the Plan seeks to meet development needs, so far as is compatible with preserving the natural and built heritage of the city and the surroundings. The Plan will deliver sustainable development, in accordance with the NPPF. The Sustainability Appraisal has adequately considered alternative options to meeting development needs.

### **Any Other Significant Implications:**

### Crime & Disorder Implications:

7.5 The City Plan Part 1 addresses crime and disorder through development area proposals, special area policies and a number of citywide policies.

### Risk and Opportunity Management Implications:

7.6 The City Plan Part 1 has been found to be sound and legally compliant subject to the main modifications required by the Inspector. There are considered to be no significant risks associated with adoption of the City Plan Part 1. Conversely, there would be significant risks associated with a decision not to adopt and this is considered in section 4 of the Report.

#### Public Health Implications:

7.7 The City Plan Part 1 addresses health inequalities and the healthy planning agenda through a city wide Health City policy and where appropriate, in a number of other policy areas. The City Plan was subject to an Equality and Health Impact Assessment.

## Corporate / Citywide Implications:

7.8 The City Plan will be a significant tool in steering development in the city for the next 20 years. It will contribute to delivering the Corporate Plan, plans and strategies across the city council directorates, along with the Sustainable Community Strategy. It will also help to deliver city-wide strategies of public and voluntary sector partners and promote investment and economic growth.

#### **SUPPORTING DOCUMENTATION**

# **Appendices:**

- 1. Inspectors Report
- 2. Appendix to Inspectors Report Main Modifications
- 3. Schedule of Other Modifications
- 4. Summary of Update Study Objectively Assessed Need for Housing: Brighton & Hove, June 2015, GL Hearn

## **Supporting Documents**

- 1. City Plan Part 1 as modified
- 2. City Plan Part 1 annexes as modified

#### **Documents in Members' Rooms**

- 1. City Plan Part 1 Annexes showing Main Modifications
- 2. City Plan Part 1 Policies Map as modified
- 3. Objectively Assessed Need for Housing: Brighton & Hove, June 2015, GL Hearn

#### **Background Documents**

- 1. Submission City Plan 31 January 2013 Policy & Resources Committee
- 2. Submission City Plan Part One
- 3. City Plan Part One Changes Arising From Examination Process 16 October 2014 Policy & Resources Committee

# Report to Brighton and Hove City Council

by Laura Graham BSc MA MRTPI an Inspector appointed by the Secretary of State for Communities and Local Government

Date: 5<sup>th</sup> February 2016

# PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED) SECTION 20

REPORT ON THE EXAMINATION INTO THE BRIGHTON and HOVE CITY PLAN PART ONE

Document submitted for examination on 28 June 2013

Examination hearings held between 22 and 31 October 2013

File Ref: PINS/Q1445/429/5

# **Abbreviations Used in this Report**

AA Appropriate Assessment

AHVA Affordable Housing Viability Assessment

BREEAM Building Research Establishment Environmental Assessment

Methodology

CSH Code for Sustainable Homes

CWSGBSPB Coastal West Sussex and Greater Brighton Strategic Planning

Board

Dpa Dwellings per annum DtC Duty to Co-operate

Framework National Planning Policy Framework HIS Housing Implementation Strategy

HMA Housing Market Area

LDS Local Development Scheme

LP Local Plan

MM Main Modification

OAN Objectively assessed need PPG Planning Policy Guidance SA Sustainability Appraisal

#### Non-Technical Summary

This report concludes that the Brighton and Hove City Plan Part One provides an appropriate basis for the planning of the City providing a number of modifications are made to the plan. Brighton and Hove City Council has specifically requested me to recommend any modifications necessary to enable the plan to be adopted. Almost all of the modifications to address this were proposed by the Council, but where necessary I have amended detailed wording and/or added consequential modifications where necessary, and I have recommended their inclusion after considering the representations from other parties on these issues.

The Main Modifications can be summarised as follows:

- Increasing the objectively assessed need for new housing to 30,120;
- Increasing the housing requirement across the plan period to 13,200 new homes;
- Introducing greater flexibility to the redevelopment of land in employment use:
- Ensuring consistency with national policy in relation to technical standards for new dwellings;
- Removal of the reference to Brighton Marina as a District Centre and modifications to Policy DA2 to encourage a design-led approach to future development.

# Introduction

- 1. This report contains my assessment of the Brighton and Hove City Plan Part One in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). It considers first whether the Plan's preparation has complied with the duty to co-operate, in recognition that there is no scope to remedy any failure in this regard. It then considers whether the Plan is sound, and whether it is compliant with the legal requirements. The National Planning Policy Framework (paragraph 182) makes clear that, to be sound, a Local Plan should be positively prepared; justified; effective and consistent with national policy.
- 2. The starting point for the examination is the assumption that the local authority has submitted what it considers to be a sound plan. The basis for my examination is the submitted draft plan (June 2013) which is the same as the document published for consultation in February 2013.
- 3. My report deals with the main modifications that are needed to make the Plan sound and legally compliant, and they are identified in bold in the report (MM). In accordance with section 20(7C) of the 2004 Act the Council requested that I should make any modifications needed to rectify matters that make the Plan unsound/not legally compliant and thus incapable of being adopted. These main modifications are set out in the Appendix. Some of the modifications proposed by the Council are not needed for soundness and I have removed those from the Appendix. In some cases, a Main Modification to a policy or text includes a detail which, in isolation, is minor and not necessary for soundness, but for simplicity and clarity it is preferable to retain these within the Main Modifications. Within the limits prescribed by the Regulations, the Council can make additional minor modifications to the Plan at adoption.
- 4. I have added one Main Modification relating to the inclusion of a list of superseded policies which is necessary for legal compliance. With the exception of this modification, the Main Modifications that are necessary for soundness and legal compliance all relate to matters that were discussed at the Examination hearings or in written submissions.
- 5. Following the hearings in October 2013, I wrote to the Council to advise them of my preliminary findings<sup>1</sup>. A key concern at this stage was the failure of the Plan to meet the objectively assessed need for new housing. The Council undertook further work and consulted on proposed modifications in November and December 2014. Following the receipt of representations to these modifications, I invited written submissions on the further matters and issues I identified, arising from the consultation and also revised government policy, as set out in two Written Ministerial Statements (WMS)<sup>2</sup>. The Council proposed further modifications to ensure compliance with the two WMS, and these modifications were the subject of consultation between June and August 2015. In the light of the government's decision not to pursue zero carbon homes<sup>3</sup> and the WMS

<sup>&</sup>lt;sup>1</sup> Document ID21

<sup>&</sup>lt;sup>2</sup> WMS by Brandon Lewis MP dated 28 November 2014; and WMS by Eric Pickles, Secretary of State for Communities and Local Government 25 March 2015

<sup>&</sup>lt;sup>3</sup> Fixing the foundations: Creating a more prosperous nation July 2015

relating to wind energy development<sup>4</sup> the Council carried out consultation on further modifications to Policy CP8 Sustainable Buildings between September and November 2015. I have taken account of all the consultation responses in coming to my conclusions in this report.

### 6. Assessment of Duty to Co-operate

- 7. Section s20(5)(c) of the 2004 Act requires that I consider whether the Council complied with any duty imposed on them by section 33A of the 2004 Act in relation to the Plan's preparation.
- 8. The Council's Duty to Cooperate Compliance Statement<sup>5</sup> outlines the steps the Council has undertaken to comply with the duty. The Statement provides details of meetings convened by the City Council. It confirms that the Council has worked with a number of neighbouring local authorities and other statutory providers, to address a number of strategic issues, most notably housing, employment and the regeneration of Shoreham harbour.
- 9. The Council has actively engaged at both officer and member level in a range of cross-boundary partnerships, most notably the Coastal West Sussex and Greater Brighton Strategic Planning Board (CWSGBSPB). Formal requests were sent to other Councils in the Sussex Coast Housing Market Area and beyond for assistance in meeting the City's housing need. No positive responses were forthcoming, mainly because other authorities are finding it difficult to meet their own needs as set out in the Draft Statement of Common Ground, which forms an appendix to the Duty to Cooperate Compliance Statement. However, the Duty to Cooperate is not a requirement to agree.
- 10. In all the circumstances, I consider that Brighton and Hove City Council has demonstrated that it has complied with the duty imposed by section 33A of the 2004 Act. Following submission of the City Plan Part One, the Council has continued to engage with other authorities, as evidenced in the Duty to Cooperate Update Paper<sup>6</sup>. Engagement with other local authorities has been through the CWSGBSPB, through participation in workshops and in some cases meetings directly with neighbouring authorities.

# **Assessment of Soundness**

#### Main Issues

11. Taking account of all the representations, written evidence and the discussions that took place at the examination hearings I have identified 6 main issues upon which the soundness of the Plan depends.

<sup>&</sup>lt;sup>4</sup> Local Planning: Written Ministerial Statement by the Secretary of State for Communities and Local Government 18 June 2015

<sup>&</sup>lt;sup>5</sup> BP/007 Duty to Cooperate Compliance Statement (Technical Paper) June 2013

<sup>&</sup>lt;sup>6</sup> BP/049 Duty to Cooperate Statement Update October 2014

#### Issue 1 - Overall spatial vision

Is the spatial strategy soundly based and does it address the key issues for Brighton and Hove? Has it been positively prepared and will it deliver sustainable development in accordance with the policies of the Framework?

- 12. Section 1 of the Plan identifies the context for the preparation of the Plan and the challenges facing Brighton and Hove which inform the strategic objectives set out in Section 2 of the Plan.
- 13. Paragraph 153 of the NPPF makes clear that the Government's preferred approach is for each local planning authority to prepare a single Local Plan for its area. Additional Local Plans should only be used where clearly justified. Planning Policy Guidance (ID 12-012) indicates that additional Local Plans can be produced, for example a separate site allocations document, but there should be a clear justification for doing so.
- 14. There have been a significant number of cases, where the Planning Inspectorate has accepted the submission of 'Core Strategies' for examination, after the publication of the Framework on the basis that work on them had already started and that additional local plans would be securely founded on the Core Strategy's strategic policies. These circumstances are clearly applicable to the Brighton and Hove City Plan Part One which sets the strategic context for site allocations and development management policies in Part Two of the Plan. There is no clear evidence that such an approach unacceptably compromises the ability of local residents to participate in the plan-making process.
- 15. The Plan recognises that new development in the City is constrained by its location between the sea and the South Downs National Park. In spatial terms, the Plan seeks to concentrate development in eight development areas. All except one of these areas are in the existing urban area of Brighton and Hove. The proposed greenfield development at Toad's Hole Valley and potential sites within the urban fringe are on the edge of the urban area which offers the potential for sustainable development.
- 16. The Plan recognises (paragraph 1.24) that poor air quality is a key issue for certain parts of the city, and that part of the city centre has been declared an Air Quality Management Area (AQMA). MM58, MM61, MM62 and MM105 are necessary to ensure that this important issue is taken into account when new development is proposed. Furthermore, this issue is addressed in relation to the Development Areas, which I consider later in this report.
- 17. Overall, I find that the Plan seeks to meet development needs, so far as is compatible with preserving the natural and built heritage of the City and its surroundings. I deal with specific aspects of the strategy in this report but I am satisfied that, subject to the inclusion of the MMs recommended in this report, the Plan will deliver sustainable development, in accordance with the objectives of the Framework.

Is it clear what other strategic options were considered and why they were dismissed?

18. The Sustainability Appraisal documents the various options considered by the Council through the process of plan preparation. These related to both the scale of development as well as different spatial approaches. There was criticism that an option involving greater levels of development, particularly in the urban fringe, was not adequately considered. However, I am satisfied that this issue has been addressed by the further work undertaken, including the review of urban fringe sites, see paragraphs 24 and 25 below, and the SA Addendum<sup>7</sup>.

Is the Plan founded on a robust and credible evidence base? Is it flexible and able to be monitored? What are the trigger points/action to be taken if monitoring indicates that targets are not being met?

- 19. The Plan is accompanied by a comprehensive evidence base. A number of representors criticised the Council's initial urban fringe study and for the reasons given in my initial conclusions<sup>8</sup> I shared some of those concerns. I consider this issue later in this report.
- 20. Annex 1 to the Plan contains the Implementation and Monitoring Plan. In many cases this document fails to provide clear targets or give any indication of what will be done if targets are not met. For example, in relation to housing delivery the targets are to monitor net housing completions and maintain a five year supply of deliverable sites, but there is no indication of what will be done in the event that a five year supply is not maintained. MM113 proposes a number of amendments to Annex 1 which seek to remedy these deficiencies. However, the action to be taken in the event that targets are not met remains generally vague. In many cases the action proposed is "Development Management Intervention" and it is unclear what is intended. Nonetheless I do not consider that this is sufficient to render the plan as a whole unsound, and it is a matter that can be addressed in the preparation of the City Plan Part Two.

#### Issue 2 - Housing

Objectively assessed housing need

21. The submission plan includes a figure of 15,800 as the objectivelyassessed need for new homes over the plan period. This figure has been revised during the Examination. The most recent study assesses the need across the plan period (from 2010 to 2030) as 30,120 new homes. This study is based on the DCLG 2012 household projections and takes account of affordable housing need, assessed as being a net need of 810 dwellings per annum. Taking account of the evidence of market signals, of affordable housing need and of the demographic projections, the study

<sup>&</sup>lt;sup>7</sup> BP/050 Sustainability Appraisal Addendum October 2014

<sup>&</sup>lt;sup>9</sup> EP/069 Objectively Assessed Need for Housing: Brighton and Hove. June 2015 (G L Hearn)

finds that an uplift of 173 homes per annum would support an improvement in affordability. This is included in the figure of 30,120, which equates to an annual average of 1,506 new dwellings. There is broad support for this revised figure, included in **MM**10, which is necessary to ensure consistency with national policy and guidance.

#### Housing requirement

- 22. The submission plan proposes a housing requirement of 11,300 new homes during the plan period which is a significant shortfall against the assessed housing need. In my initial findings<sup>10</sup> I noted that Brighton and Hove is subject to significant constraints in finding land for new development. This is largely because of its location between the English Channel and the South Downs National Park, which limits the outward expansion of the City. Furthermore, there is a limited supply of vacant, derelict or underused brownfield sites within the urban area. However, I indicated that the Council should rigorously assess all opportunities to meet housing need and I drew attention to three potential sources: windfall sites; urban fringe sites; and land allocated for employment use, and I consider these further below.
- 23. The Council has proposed **MM**72 which increased the housing requirement across the Plan period to 13,200 new homes. The modification revises the number of new homes to be delivered from various sources in accordance with the latest evidence available. There are consequent modifications to the policies for the Development Areas, which are set out below, and also to Policy SA1 (**MM**56).

#### Windfall sites

24. **MM**11 and **MM**72 include an increase in the expected contribution from small site development to 2,015 new homes, comprised of an estimated 1,250 units from small windfall sites and 765 units from identified small sites, across the plan period. This level of windfall development reflects past trends, and meets the requirements of paragraph 48 of the Framework. These modifications are necessary to assist in reducing the shortfall in the supply of new housing and to ensure consistency with national policy.

#### Urban fringe sites

25. In my early correspondence with the Council<sup>11</sup> and in my initial findings<sup>12</sup> I expressed concerns regarding the approach that had been taken to assessing the potential for development in the urban fringe, which had led to the very restrictive policy (policy SA4) contained in the submission plan. In response to these concerns, the Council instructed consultants to carry out a review of sites in the urban fringe<sup>13</sup>. This review concludes that about 1,000 new homes could be delivered in the urban fringe, and this is reflected in MM64.

<sup>11</sup> ID01

<sup>&</sup>lt;sup>10</sup> ID21

<sup>&</sup>lt;sup>12</sup> ID21

<sup>&</sup>lt;sup>13</sup> BP/048, BP/048a, BP/048b

- 26. Some representors oppose any development in the urban fringe and some have questioned the accuracy of some of the site assessments in this study. Others express the view that the Assessment does not reflect the full potential for development in the urban fringe. The City Plan Part One does not, with the exception of Toad's Hole Valley (see Development Area DA7 below), allocate urban fringe sites. The Council has indicated its intention to undertake a more detailed assessment of these sites through the preparation of Part Two of the City Plan. MM64 allows for sites to come forward in advance of the adoption of Part Two of the Plan but any such proposals would be subject to scrutiny through the development management process in the usual way.
- 27. I am satisfied that the 2014 Urban Fringe Assessment provides a robust evidence base to guide the strategic level policy in the City Plan Part One. Decisions on whether individual sites should be developed will be made through the process of preparation of the City Plan Part Two or, in advance of that, through the development management process. I am confident that the Plan, as proposed to be modified, will strike the right balance between meeting the need for new housing and retaining open space and will provide an appropriate framework for the allocation of sites in Part Two of the Plan. MM99, MM101 and MM102 are necessary to ensure consistency between Policy SA4 and Policies CP16 Open Space and CP17 Sports Provision.

Land allocated for employment use

28. The City acts as an important economic growth hub for the wider subregion. The Employment Land Study Review<sup>14</sup> found that vacancy rates are low and even sites with poor quality units were meeting employment needs at some level. The study concluded that there were no sites which should be released to other uses. The City Plan does not seek to accommodate all identified employment floorspace needs and this has been recognised as a Duty to Cooperate issue. However, the Council has accepted that there may be a need for greater flexibility, to take into account, in particular, viability issues. MM75 and MM76 are necessary to ensure adequate flexibility to ensure consistency with national policy.

Are there other opportunities to increase the supply of housing and if so what are they?

29. Given the physical and environmental constraints of the City there are very limited opportunities to increase the supply of land for housing. There may be scope for some further intensification through redevelopment of sites within the urban area but there is no evidence before me to indicate that such development would be likely to yield a significant uplift in housing land supply beyond that anticipated by the windfall allowance.

Housing trajectory and five year housing land supply.

30. The National Planning Policy Framework, paragraph 47, requires local planning authorities to ".....illustrate the expected rate of housing delivery

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<sup>&</sup>lt;sup>14</sup> EP/010

through a housing trajectory for the plan period and set out a housing implementation strategy for the full range of housing describing how they will maintain delivery of a five-year supply of housing land to meet their housing target". Planning practice guidance advises that "LPAs should aim to deal with any undersupply within the first five years of the plan period where possible".

- 31. Annexe 3 of the City Plan, as proposed to be modified (MM116), comprises the Housing Implementation Strategy. The Plan's requirement of 13,200 new homes during the plan period implies an average rate of 660 new dwellings per year. Annual completions in the first four years of the plan period (2010 – 2014) were below this, although there was a slight improvement each year, giving rise to a shortfall of 1,238. Taking this into account, together with the fact that most sites proposed for development are brownfield sites within the urban area which have been particularly vulnerable to the effects of construction cost increases and development finance difficulties, the housing trajectory anticipates that annual completions will almost meet the annualised target from 2014 to 2019 (655 dwellings per annum (dpa)) and will then exceed it for the five years through to 2024 (856 dpa) before returning to a delivery rate just above the annualised requirement (712 dpa). In all the circumstances I consider the housing trajectory to be an ambitious but realistic expectation of housing delivery throughout the Plan period and that it is acceptable to base the five year housing requirement on this trajectory.
- 32. I have considered whether there is a record of persistent under delivery of housing such that the five year housing land supply should be 20% higher. However, a good rate of housing delivery was achieved between the mid- 1990s through to 2007. The lower rate of housing delivery since then is largely related to poor market conditions. Having regard to the advice in PPG that the assessment of a local delivery record is likely to be more robust if a longer term view is taken, I do not consider this to constitute a record of persistent under delivery and I therefore consider that the appropriate buffer is 5%.
- 33. Appendix B of the Housing Implementation Strategy (HIS) shows that the Council can only demonstrate a five year supply of land for housing if that calculation is based on the housing trajectory, rather than a simple annualised requirement, and that dealing with the under supply of 1,238 dwellings in the first four years of the plan period is spread over the rest of the plan period, rather than the first five years.
- 34. If the five year housing land supply requirement were based on the simple annualised requirement ( $660 \times 5 = 3300$ ) plus the shortfall (1238) and 5% buffer (227), it equates to a five year requirement of 4765, an annual target of 953 dwellings per annum. This exceeds the actual number of dwellings built in the City in all but three of the last twenty years. In current circumstances, where the economy is still recovering from a major recession it is unrealistic to think that levels of housebuilding will rise fast enough to meet this requirement.
- 35. If the five year requirement is based on the housing trajectory with the shortfall spread across the plan period, as shown in option C of Appendix

B to the HIS, the Council can demonstrate a housing land supply of 5.0 years. This provides very little flexibility, which is a significant weakness of the Plan. However, the adoption of the City Plan Part One will provide greater certainty for the allocations contained within this plan and will also facilitate the allocation of additional sites through the City Plan Part Two. In the light of the particular constraints faced by the City, I am not persuaded that this weakness is sufficient to render the whole plan unsound, but the Council will wish to give this matter very close consideration through the preparation of the City Plan Part Two.

36. I asked the Council to make some minor changes to the revised version of Annexe 3, namely to clearly show the annual rates of proposed housing delivery, rather than relying on the bar graph. This is intended to make calculation of the five year housing land supply, throughout the plan period, more straightforward. This is a minor, factual alteration and I do not consider it necessary to carry out further consultation or SA. I have amended the wording of **MM**116 to refer to the latest version of Annexe 3.

## Overall conclusions on housing land supply

37. The City Plan Part One, as proposed to be modified, seeks to meet only 44% of the objectively assessed need for new housing. This is a very significant shortfall which has important implications for the social dimension of sustainable development. However, as noted above, the City is subject to significant constraints in finding land for new development. The target of 13,200 new homes is expressed as a minimum, which offers scope for that number to be increased when more detailed consideration of individual sites is undertaken for the preparation of the City Plan Part Two.

#### Affordable Housing

- 38. It is generally recognised that there is considerable need for affordable housing in the City. Policy CP20 seeks to maximise the provision of affordable housing, and this approach is supported by the Affordable Housing Viability Study (AHVS)<sup>15</sup>. The Policy includes a degree of flexibility to allow site specific circumstances, including viability, to be taken into account.
- 39. The Council initially proposed modifications to ensure compliance with the WMS of 28 November 2014. Following the High Court judgement in West Berkshire District Council and Reading Borough Council v SSCLG, the WMS can no longer be treated as a material consideration, and the Council has withdrawn the modifications.

#### Student accommodation

40. The Plan notes the increasing demands for student accommodation but also recognises that this has to be balanced against the general need for new housing and the problems that can arise from a concentration of Houses in Multiple Occupation (HMOs). Notwithstanding the evident need

<sup>&</sup>lt;sup>15</sup> EP/001 Affordable Housing Viability Study Update 2012

for additional student accommodation, but bearing in mind the limited opportunities for new development, I consider the Plan strikes an acceptable balance between the need for student accommodation and general housing needs. **MM**107 and **MM**109 clarify the approach to be taken to proposals for purpose built student accommodation and to new HMOs. These modifications are necessary to ensure the Plan is effective.

#### Provision for gypsies and travellers

- 41. Policy CP22 identifies a need for 18 permanent pitches to meet assessed requirements to 2019 based on the work undertaken in the years 2007 2010 for the, later abandoned, partial review of the South East Plan. This evidence base is no longer up-to-date, and does not cover the full plan period for the City Plan Part One, but the plan recognises that a revised assessment will be necessary and the Council advised during the Examination that a new GTAA had been commissioned jointly with neighbouring authorities. This assessment was completed in November 2014<sup>16</sup>.
- 42. Policy CP22 safeguards existing sites, including the established transit site at Horsdean, and establishes criteria for the consideration of proposals for new sites. The Policy includes a commitment to make provision for additional or outstanding pitch requirements through site allocations in Part Two of the City Plan or through joint working with adjacent local authorities. It also makes reference to the potential requirement for an early review of Policy CP22 to incorporate pitch requirements over the full plan period.
- 43. It is less than ideal that the City Plan part One does not fully comply with the Framework and PPTS, notably the requirements to set pitch targets and identify a five year supply of deliverable sites and sites or broad locations in later years of the Plan period, However, the Council has provided evidence of work undertaken with the aim of identifying a site or sites to meet the need to 2019<sup>17</sup>, which provides a degree of confidence that the Council intends to address this issue in Part Two of the Plan. In all the circumstances, I consider that this issue is likely to be resolved more quickly through the adoption of the City Plan Part One which will enable the Council to move forward with Part Two of the Plan and, if necessary, an early review of Policy CP22.

#### Housing Standards

44. In response to the WMS of 25 March 2015 which introduced new national planning policy on the setting of technical standards for new dwellings, the Council has proposed MM68, MM69, MM106, and MM120. These modifications are necessary to ensure compliance with national policy.

<sup>&</sup>lt;sup>16</sup> EP068 Gypsy, Traveller and Travelling Showpeople Accommodation Needs Assessment – BHCC and SDNPA (November 2014)

<sup>&</sup>lt;sup>17</sup> MD/007 Report and Papers to Council Cabinet Meeting March 2012

#### Issue 3 – Employment

Do the City Plan's policies and proposals adequately address the needs of all employment-generating sectors of the economy, and is there appropriate flexibility in the policies and proposals? Is the protection of the specified primary industrial estates and business parks for Class B uses fully justified?

45. As noted above the City is an important employment hub. The Employment Land Survey Review<sup>18</sup> identifies the likely requirements for business space over the Plan period, including a significant requirement for business space. The Plan seeks to address this need primarily through the policies for the development areas. MM73 and MM77 are necessary to ensure that appropriate allocations for other (i.e. non B class) employment generating uses will be made in the City Plan Part Two. The Review also supports the retention of the primary industrial estates and business parks. MM75 and MM76, allow for the location of waste management facilities in the established industrial estates and business parks. These modifications also introduce greater flexibility to allow a net loss of employment floorspace in mixed use redevelopments where it can be justified in accordance with the factors set out in the reasoned justification; and increased flexibility to allow the release of non-allocated sites where such sites are not suitable for alternative employment uses; and that redevelopment for housing will be considered in accordance with policy CP20 Affordable Housing, rather than simply giving preference to affordable housing.

#### Issue 4 – Retail

Hierarchy of centres

- 46. The Council's own Retail Study<sup>19</sup> does not justify the designation of Brighton Marina as a District Centre, and the Council's aspirations for the area are not sufficient reason to designate it as such at the present time.

  MM78 removes the Marina from the list of designated District Centres under Policy CP4 (see also consideration of Policy DA2 below).
- 47. The Retail Study is thorough and comprehensive, and there is no convincing evidence before me which would justify the designation of additional District Centres such as, for example, the Hove Station Area.

Retail impact assessment threshold of 1,000 sq m

48. The default threshold for requiring a retail impact assessment included in the Framework is 2,500 sq m. Policy CP4 establishes a locally set threshold of 1,000 sq m. Evidence produced for the Council<sup>20</sup> taking account of the advice in PPG, identifies various factors, including the relatively small size of both convenience and comparison goods stores, which indicate weaknesses in the Brighton Regional Shopping Centre

<sup>&</sup>lt;sup>18</sup> EP/010 Employment Land Study 2012

<sup>&</sup>lt;sup>19</sup> EP/031 Brighton and Hove Retail Study Update 2011

<sup>&</sup>lt;sup>20</sup> BHCC12 Statement in response to Matter 6 Retail Appendix 1 Section 5

which make it vulnerable to trade diversion from stores of 1,000 sq m net floorspace. **MM**79 which changes the requirement from gross to net floorspace is necessary to ensure the Plan is justified and effective.

#### Issue 5 - Development Areas

Is the scale and mix of development proposed for the Development Areas (DA1 – DA7) appropriate to those areas and will the proposals assist in meeting the strategic objectives of the City Plan? Is there clear evidence that the proposals are viable and deliverable?

DA1 Brighton Centre and Churchill Square Area

49. Policy DA1 seeks the replacement of the Brighton Conference Centre and allows for the redevelopment of Churchill Square. The need for this regeneration is not disputed, although a number of respondents have requested detailed changes to the policy wording. The Council has proposed MM12 – MM17 to address some of these concerns by introducing increased flexibility; specifying the minimum requirement for new retail development as a net requirement; and strengthening the requirements that the impact of development proposals on air quality are taken into account. Subject to the inclusion of these modifications, I consider the policy to be sound.

DA2 Brighton Marina, Gas Works and Black Rock Area

- 50. Policy DA2 seeks to establish a co-ordinated approach to development in the Brighton Marina and nearby sites. The strategic allocation makes provision for a mix of uses within the Marina and on the Gas Works site. The Black Rock site is allocated for community leisure and recreation purposes.
- 51. Brighton Marina was established by the Brighton Marina Act 1968. The Act contains various restrictions on the nature and extent of development. One such restriction is that development should not breach the cliff height. The development plan cannot remove this restriction but the Act also includes provisions for the Council to grant a waiver to allow this restriction to be disregarded. The Council has done so in relation to the scheme which is currently under construction and which is referred to in policy DA2. There is no convincing evidence before me to support the contention that extant planning permissions cannot be implemented for legal reasons.
- 52. Given the failure to meet the objectively assessed need for new housing and the limited opportunities to increase the supply of new housing it is important that the Marina makes as significant a contribution to the provision of new housing as possible. There is convincing evidence that the cliff height restriction would threaten the viability of development because it would restrict the number of units that could be achieved. My attention was drawn to an appeal decision relating to a scheme which would have breached the cliff height. The appeal was dismissed because of the inadequacy of the accompanying legal agreement, but the

Secretary of State did not conclude that the breach of the cliff height was a reason to dismiss the appeal. Those conclusions were specific to that scheme but lend force to the view that a design-led approach will be preferable to restricting specific parameters of any future scheme. **MM**19 removes the cliff height restriction in favour of highlighting this as one of the issues to be addressed. This MM is necessary to enable a viable scheme to come forward which can make a significant contribution to meeting housing needs whilst respecting the natural and built heritage assets in the surrounding area.

- 53. As noted above, the Council's own evidence does not support the designation of the Marina as a District Centre. MM18, MM21, MM81, and MM112 remove references to the District Centre designation but encourage an increase in retail and other facilities to support the proposed increase in population.
- 54. **MM**20, **MM**22, and **MM**23 all introduce further flexibility for development proposals which is necessary to aid viability and make the Plan effective.

# DA3 Lewes Road

55. Policy DA3 seeks to reinforce the role of Lewes Road as the City's academic corridor. The Policy and development areas seek to make provision for a range of uses including new academic facilities and student accommodation. The policy is generally worded in quite flexible terms which will enable more detailed proposals to be developed within the overall parameters set out. The Council has proposed modifications MM25, MM26, MM27, MM28, MM29, MM30, MM31, MM32 to ensure compatibility with policy CP8 Sustainable Buildings (see below); to reinforce the need to take account of air quality issues; to ensure the protection of groundwater sources; to introduce further flexibility in relation to the type and mix of development sought; to clarify the relationship with the already adopted Planning Brief for Preston Barracks and University of Brighton SA and the extant planning permission for the Falmer Released Land. The modifications are necessary to make the plan effective.

# DA4 New England Quarter and London Road Area

- 56. Policy DA4 seeks to revitalise this area which is close to Brighton Station. Given its good transport links the Council takes the view that this should be the preferred location for new office development. The Policy also provides for other uses including residential and retail development. However, given the need for additional office development that has been identified in the Employment Land Study Review<sup>21</sup>, I do not consider it would be appropriate to change the policy to allow other uses, such as student housing, which could potentially reduce the contribution that the area could make to providing new office space.
- 57. The Council is proposing **MM**33, and **MM**34 to reinforce the need to take air quality issues into account and to revise the minimum number of

<sup>&</sup>lt;sup>21</sup> EP010

residential units to be provided to take account of the latest information. These modifications are necessary to ensure the plan is effective.

#### DA5 Eastern Road and Edward Street Area

58. Policy DA5 seeks to secure significant improvements to the area and promote development on four identified sites, including the redevelopment of the Royal Sussex County Hospital to provide additional hospital floorspace. The Policy has a degree of flexibility and promotes mixed use development on the identified sites. I do not consider that the policy can be regarded as unduly restrictive. The Council is proposing MM36, MM37, MM38, MM39, MM40, MM41, MM42 which clarify various matters including, the requirement for off-site water supply and sewerage systems; to ensure compatibility with policy CP8 (sustainable buildings); to include the most up to date assessment of the number of residential units that can be provided; and to clarify the likely timescales for development of the Freshfield Road Business park and Gala Bingo Hall allocation. I conclude these modifications are necessary to ensure the Plan is effective.

#### DA6 Hove Station Area

59. Policy DA6 seeks to encourage employment-led mixed use development. This approach is justified by the findings of the Employment Land Study Review<sup>22</sup> and the potential for sustainable transport links. The Council has proposed **MM**43 which reduces the minimum number of residential units to be provided, having regard to the clear intentions of the owner of the Goldstone Retail Park to retain the site in its existing use. The Council has also proposed **MM**44 which clarifies the relationship to the AQMA and the need to take account of air quality issues. These modifications are necessary to ensure the plan is effective.

#### DA7 Toad's Hole Valley

- 60. Policy DA7 allocates 37 hectares of land on the northern fringe of Brighton for development to include a minimum of 700 residential units, together with employment space, a new secondary school, public open space and ancillary uses such as shops, cafes and a community facility. A large number of representors sought the removal of this allocation and the site's designation as local green space.
- 61. The site abuts the boundary of the South Downs National Park and was expressly excluded from the Park after careful consideration by the Inspector who held the South Downs Inquiry in 2008. Nonetheless, it is part of the downland backdrop to Hove and the setting of the National Park. The Policy seeks to ensure that development respects the setting of the National Park. It is inevitable, however, that development of the scale envisaged in the Policy would have an adverse effect on views out of Hove and on the setting of the National Park. That harm to the environmental dimension of sustainable development has to be balanced against the benefits that would be derived from the provision of new homes.

<sup>&</sup>lt;sup>22</sup> EP/010

- 62. As a large site on the edge of the existing urban area there is potential to create a sustainable form of development, notwithstanding the challenges to overcome if existing bus routes are to be extended, which were drawn to my attention by some representors at the hearings<sup>23</sup>. In addition, the provision of some employment uses and a new secondary school will add to the sustainability of the proposals. The proposals also offer the opportunity to protect and improve the Site of Nature Conservation Importance which abuts the western boundary of the development area.
- 63. As noted above, the housing target in the Plan represents a very significant shortfall against the objectively assessed need for new housing. If this site were not to come forward for housing development, or if development were to be proposed at a lower density, the shortfall would be even greater. In all the circumstances, I consider that the benefits of the proposed development of the site to meet the need for new housing outweigh the likely harm to the landscape and the setting of the National Park. I recognise that this is a different conclusion to the one reached by the Inspector who held the inquiry into objections to the Hove Borough Local Plan Second Review in 1994, but the context for her decision, particularly in relation to the national and local policy context relating to the supply of land for housing, has changed significantly since that time.
- 64. The Council has proposed **MM**45 which, amongst other things, ensures compatibility with policy CP8 (sustainable buildings). This modification is necessary to ensure the plan is effective.

#### DA8 Shoreham Harbour

- 65. Shoreham Harbour straddles the boundary between the administrative areas of Brighton and Hove City Council and Adur District Council. A Joint Area Action Plan (JAAP) is being developed by the two Councils together with West Sussex County Council. Policy DA8 provides a strategic context to guide the preparation of the JAAP, in so far as it relates to land within the City. The impact of new development on existing communities and on the character and appearance of surrounding areas, are matters that can be taken into account in the preparation of the JAAP.
- 66. The Council has proposed MM46, MM47, MM48, MM49, MM50, MM51, MM52, MM53, MM54, MM55 which are intended to reflect the latest position in relation to preparation of the JAAP and other matters such as the safeguarding of mineral wharf facilities. Not all these modifications may be strictly necessary for soundness, but they aid clarity and the effectiveness of the Plan so for this reason I recommend their inclusion.

## Development Areas - overall conclusion

67. Subject to the inclusion of the modifications I identify above, the scale and mix of development proposed for the Development Areas (DA1 – DA8) is appropriate and deliverable and will assist in meeting the strategic objectives of the City Plan.

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<sup>&</sup>lt;sup>23</sup> See for example Rep-29-005

# Issue 6 – Infrastructure, Developer contributions, Sustainable buildings, Viability

Does the Infrastructure Delivery Plan identify all key infrastructure requirements, including transport and water-related requirements?

- 68. Annex 2 to the City Plan Part One forms the Infrastructure Delivery Plan which sets out key infrastructure requirements for the delivery of the Plan. MM114 and MM115 update the submission draft version and are necessary to ensure that the Plan is justified and effective.
- 69. In common with many other cities Brighton and Hove suffers from a degree of traffic congestion. Policy CP9 Sustainable Transport encourages the provision of an integrated sustainable transport strategy. There is no evidence before me to demonstrate that major new transport infrastructure is needed, or that such schemes would be a more effective way of addressing transport issues.
- 70. The Council has proposed MM90, MM91, MM92, MM93, and MM119 to clarify various aspects of Policy CP9 and to ensure that the approach to parking standards accords with the requirements of the Framework.
- 71. The Council has proposed a number of MMs, including MM84, to address the concerns of Southern Water. A number of other MMs relate to the Development Areas and are listed above. Others are listed below in relation to Policy CP8 and the IDP. I am not persuaded that there is a clear need or justification for a strategic policy to support the provision of water and wastewater infrastructure. If a clear need can be demonstrated for additional facilities to support new development, this can be addressed through the City Plan Part Two.

#### Sustainable Buildings (Policy CP8)

- 72. Policy CP8 requires all new development to incorporate sustainable design features with reference to the Code for Sustainable Homes (CSH) and Building Research Establishment Environmental Assessment (BREEAM) standards. A WMS dated 25 March 2015 by Secretary of State for Communities and Local Government, set out new national planning policy on the setting of standards for new dwellings. The CSH was withdrawn by the WMS. For the specific issue of energy performance, local planning authorities are able to set and apply policies which require compliance with energy performance standards that exceed the requirements of Building Regulations up to the equivalent of CSH Level 4. MM85 replaces the submission draft policy CP8 with a requirement equivalent to the former CSH Level 4 (i.e. a 19% carbon reduction against Part L of the Building Regulations 2013).
- 73. The Sustainable Buildings Background Paper24 sets out the local circumstances which justify imposition of this standard, including the City's high ecological footprint arising, in part, from the number of older

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<sup>&</sup>lt;sup>24</sup> TP/003

buildings in the City. MM85 also establishes that new residential development will be expected to meet the national standard for water efficiency, which is justified by the evidence in the South Downs National Park Authority Water Cycle Study, the relevant sections of which are included in the Council's Statement25. In addition the MM removes the requirement for residential conversions to meet a BREEAM standard. MM85 is necessary to ensure compliance with national policy.

Is there clear evidence that the combined requirements for developer contributions and/or CIL will not render development unviable?

- 74. The Council's Combined Policy Viability Study, which was not finalised until after the plan was submitted for examination, found that the combined requirements of the plan raised serious doubts about the viability of development across the Plan area. The Council argued that the flexibility in the policies would enable development to come forward. Whilst it is useful to have sufficient flexibility to allow for site specific issues to be taken into consideration, it is not an acceptable substitute for ensuring that the Plan facilitates development throughout the economic cycle, as required by the Framework.
- 75. A significant factor affecting viability was the CSH requirements included in the submission policy CP8. The Brighton and Hove combined Policy Viability Study Update 201426 found that reducing the CSH target from Level 5 to Level 4 (see paragraph 72 above and MM85), ensured that development across the large majority of the City would be viable and deliverable. The study identified that some development typologies, notably flatted developments in some areas of the City, were unviable in certain circumstances due to market conditions. In these particular circumstances, the flexibility in the policies should enable sites to be developed.

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<sup>&</sup>lt;sup>25</sup> BHCC39 Matter 3 Consistency with NPPF with Addendum

<sup>&</sup>lt;sup>26</sup> EP/066

# **Assessment of Legal Compliance**

76. My examination of the compliance of the Plan with the legal requirements is summarised in the table below. I conclude that the Plan meets them all.

LEGAL REQUIREMENTS	
Local Development Scheme (LDS)	The City Plan Part One is identified within the approved LDS June 2014 which sets out an expectation that the plan will be adopted by July 2016. The City Plan Part One's content and timing are broadly compliant with the LDS.
Statement of Community Involvement (SCI) and relevant regulations	The SCI was adopted in September 2006 and was updated in March 2015. Consultation has been compliant with the requirements therein, including the consultation on the post-submission proposed 'main modification' changes.
Sustainability Appraisal (SA)	SA has been carried out and is adequate. It is widely accepted that a Local Plan is likely to have significant environmental effects and that SEA will be required. Section 9 of the Environmental Assessment of Plans and Programmes Regulations 2004 requires a responsible authority to prepare a statement of its reasons if it determines that environmental assessment is not necessary. There is no requirement to prepare a statement of reasons where it determines that environmental assessment is necessary.
Appropriate Assessment (AA)	The Habitats Regulations AA Report (May 2012, updated July 2014) sets out why a full AA is not necessary and this is supported by Natural England
National Policy	The Local Plan complies with national policy except where indicated and modifications are recommended.
2004 Act (as amended) and 2012 Regulations.	Regulation 8(5) of the 2012 Regulations requires that where a local plan contains a policy that is intended to supersede another policy in the adopted development plan, it must state that fact and identify the superseded policy. The evidence base for the Local Plan contains a list of superseded policies (Document BP/018), which was in the public domain throughout the Examination. The Council has suggested some minor changes to BP/018 in Document BP/073. MM117 is necessary to ensure that the list of superseded policies is contained within the Plan itself. These modifications have not been subject to public consultation or sustainability appraisal. However, I do not consider that anyone's interests are prejudiced, or that sustainability

appraisal is required because of the factual nature of the information.

Policy SA5 seeks to set priorities for land within the South Downs National Park that lie within the City Council's administrative boundary. The rationale for this is that the City Council is a key landowner. However, the City Council is not the planning authority for this area and it therefore has no authority under the Act or the Regulations to make planning policy that is intended to apply within the National Park. MM65 and MM66 rectify this issue. Subject to the inclusion of these MMs the City Plan Part One complies with the Act and the Regulations.

# **Overall Conclusion and Recommendation**

- 77. The Plan has a number of deficiencies in relation to soundness and/or legal compliance for the reasons set out above which mean that I recommend non-adoption of it as submitted, in accordance with Section 20(7A) of the 2004 Act. These deficiencies have been explored in the main issues set out above.
- 78. The Council has requested that I recommend main modifications to make the Plan sound and/or legally compliant and capable of adoption. I conclude that with the recommended main modifications set out in the Appendix the Brighton and Hove City Plan Part One satisfies the requirements of Section 20(5) of the 2004 Act and meets the criteria for soundness in the National Planning Policy Framework.

# Laura Graham

Inspector

This report is accompanied by the Appendix containing the Main Modifications

# **Appendix – Main Modifications**

The modifications below are expressed either in the conventional form of strikethrough for deletions and <u>underlining</u> for additions of text, or by specifying the modification in words in *italics*.

The page numbers and paragraph numbering below refer to the submission local plan, and do not take account of the deletion or addition of text.

Ref	Page	Policy/ Paragraph	Main Modification
MM10	24, 28, 29	2.7 2.12 2.19 2.20	A Spatial Strategy for Brighton & Hove  2.7 Recognising the need to plan positively to meet the needs of a growing city, The City Plan's aim is to seeks to achieve a balanced and sustainable approach to accommodating growth over the plan period.
			Strategy for the future of Brighton & Hove  2.12 The assessed housing requirements (demand and need for new homes) for the city over the plan period are much higher than the city can realistically accommodate. The plan sets a minimum housing target of 11,300 13,200 new homes to be achieved by 2030 and this reflects the capacity and availability of land/sites in the city; the need to provide for a mix of homes to support the growth and maintenance of sustainable communities; the need to provide land for other essential uses (such as employment, retail, health and education facilities and other community and leisure facilities) and the need to respect the historic, built and natural environment of the city.
			The Spatial Distribution of Development  2.19 Spatially the majority of new housing, employment and retail development will be located on brownfield (previously developed) sites within the city's built up area and will be directed to eight specific development areas (DA1 – 8). These are areas of the city which either already benefit from close proximity to good sustainable transport links or are areas where accessibility can be improved; are areas which offer significant capacity for new development and are areas where new development and/or regeneration will secure substantial benefits for the city. This approach ensures that opportunities for development of brownfield sites are maximised, transport impacts will be minimised and the city's countryside and the South Downs National Park will continue to be protected.

Ref	Page	Policy/ Paragraph	Main Modification				
		3 1	2.20 Much of the land	d within the city's	defined urban fringe for	ms part of the city's gre	e <u>n</u>
			infrastructure; either	in terms of the c	ity's open space framewo	ork (e.g. parks, recreati	on grounds,
			sports pitches and pla	aying fields, allotr	<u>ments, cemeteries, natur</u>	<u>ral/semi-natural space)</u>	or part of the
					<u>al nature reserves, sites</u>		
			Improvement Areas.	However, in light	of the significant scale of	of the city's housing nee	<u>d, objectively</u>
					$80^{\#}$ ; the requirement of t		
					meet housing needs in f		
					velopment the potential		
					or accommodating grow		
					nfield sites but also include	<u>des the urban fringe as </u>	broad source of
			potential for housing	<u>development.</u>			
			Incort footnates				
			Insert footnotes:	od for Housing: Prigh	ton & Hove, June 2015, GL He	arn Limitad	
			## Urban Fringe Assessm	ent Study June 2014	torr & Hove, Julie 2015, GL He	ann chinteu	
			-	-			
MM11	31	Table 3	Table 3 Summary of	of Development	Proposals		
				New Homes	New Employment	New Retail	
					Floorspace (sq m)	floorspace (sq m)	
			DA1 Brighton	20		<u>Minimum</u>	
			Centre and			20,000 comparison	
			Churchill Square			<u>goods</u>	
			DA2 Brighton	1940	2,000	5,000	
			Marina				
			DA3 Lewes Road	<del>810</del> <u>875</u>	15,600		
			DA4 New England	<del>1185</del> <u>1130</u>	20,000		
			Quarter and	1100 1100	20,000		
			London Road				
			DA5 Eastern Road	<del>470</del> 515	18,200 – <del>22,200</del>		
			and Edward Street	<del></del>	23,200		
			DA6 Hove Station	<del>630</del> <u>525</u>	1,000		
			DA7 Toad's Hole	700	25,000		
			Valley				

Ref	Page	Policy/ Paragraph	Main Modification				
			DA8 Shoreham Harbour	<del>400</del> <u>300</u>	7,500		
			Rest of the City:  a) Within the	<del>3945</del>			
			built up	<u>4130</u>	11,257 <sup>35</sup>		
			a <u>rea</u> b) <u>Within the</u>				
			<u>urban</u> <u>fringe</u>	<u>1060</u>			
			Small site development <sup>36</sup>	<del>1250</del> <u>2015</u>			
			Total	<del>11350</del> <u>13210</u>	100,500 to 105,500	25,000	
			Amend footnote 36:  36 Development from small across the plan period is 1			pre-plan adoption and small v is for 600 units.	vindfall development
MM12	34	DA1	in a landmark new region and to susta Brighton & Hove as redevelopment of t	e development a building to bene in the tourism a one of Europe's he Brighton Cer	area is to secure a efit the city and th and service econor is leading conferen atre will form part	new state of the art of e my for the next 30 years are and meeting destite of a comprehensive stre and new leisure fac	ars, positioning nations. The scheme including
MM13	34	DA1				hopping centre to pro porspace and A2/A3 u	
MM14	34	DA1		A. 5. To ensure high quality public and sustainable transport facilities serve new development, in particular the need to improve the bus interchange facilities at Churchill Square;			

Ref	Page	Policy/	Main Modification
		Paragraph	A. 6. Improve pedestrian and cycle access through and around the area particularly along Queens Road to Brighton Station and reduce the severance between the northern side of the A259 and the seafront to accord with the Public Space Public Life Study;  A. 7. Ensure improvements to local air quality in at the West Street A259 Western Road, Churchill Square and North Street transport corridor and along Queens Road / West Street junction through the implementation of the council's Air Quality Action Plan. And ensure developments do not increase the number of people exposed to poor air quality. Ensure new development proposals take into account impact on local air quality and that improvements and/ or mitigation are sought wherever possible.  Additional footnote:  # See also SA2 Central Brighton part 7.
MM15	35	DA1	B. 1. New Brighton Centre and expansion of Churchill Square.  Redevelopment of the Brighton Centre Area <sup>38</sup> to provide a new 25,000 sqm conference centre, and expansion of Churchill Square shopping centre to provide a minimum of 20,000sqm net new comparison goods A1 floorspace (and A2 and A3 use classes). New hotel and leisure facilities including a cinema will also be permitted. Proposals will be assessed against the local priorities set out above, citywide policies, informed by the adopted Brighton Centre SPD and the following criteria:
			Delete footnote 38:  38-As defined in the Brighton Centre SPD01 a core 'block' has been identified (comprising a number of smaller blocks) bounded by Western Road, West Street, Queensbury Mews and Cannon Place. Further detail is set out in the adopted SPD
MM16	36	DA1	3.4 The City Council will ensure that a strategy is devised so that the redevelopment of the Brighton Centre is adequately managed and does not result in a shortfall of music/conference venue space should Black Rock not be available.
MM17	36, 37	3.6 3.7	3.6 Proposals should promote strong linkages with the primary shopping frontages, along Western Road in particular and connectivity through to the seafront to address the problem of pedestrian severance. Improvements should include an enhanced <u>bus interchange and</u> pedestrian environment around Churchill Square, a new gateway link through from Churchill Square Shopping Centre to the seafront, and <u>an</u> improved junctions at West Street and Kings Road <u>and at the Clock Tower (Western</u>

Ref	Page	Policy/ Paragraph	Main Modification
		Paragraph	Road, North Street, and Queens Road). On completion of the redevelopment the primary retail frontage of the regional centre will be extended to include any new retail elements of the scheme. 41  3.7 Previous Current air quality assessments 42 have indicated that the West Street/ A259 junction Western Road, Churchill Square and North Street transport corridor and Queens Road exceeds the Government's Air Quality Objective for Nitrogen Dioxide and the area is new included within the declared Air Quality Management Area (AQMA) 43. Improvements to local air quality in at the West Street/ A259 these corridors junction will be are a priority for the area. The movement of freight within the city centre can be is a significant contributor to airborne pollution quality levels. The potential to reduce, retime, reroute and/or revise the mode of transport will be assessed in order to look at measures to reduce the number of freight trips into the city centre AQMA. Measures will be developed that encourage sustainable lower emission urban freight distribution (see policy CP9 Sustainable Transport). New development proposals should take account of their impact on local air quality, be consistent with the council's Air Quality Action Plan and minimise increased exposure to existing poor air quality within the AQMA. Improvements and/ or mitigation will be sought wherever possible.
MM18	38, 39	DA2 3.13	Amend illustrative diagram to remove 'shopping area'. Amend policies map to reflect this (see Appendix 1).  3.13 The long term aspiration of the council is to address the deficiencies of the Marina, including the underperforming District Shopping Centre, and the wider area to facilitate the creation of a mixed use district area of the city. This will be achieved through the generation of a sustainable high quality marina environment which creates easier and more attractive access for residents and visitors, extends the promenade environment up to and around the Marina and creates stronger pedestrian and visual links with the sea from the Marina.  Amend policy:  DA2 Brighton Marina, Gas Works and Black Rock Area

Ref	Page	Policy/ Paragraph	Main Modification
		<i>y</i>	The strategy for the development area is to facilitate the creation of Brighton Marina and the wider area as a sustainable mixed use district area of the city, through the generation of a high quality marina environment
MM19	39, 44	DA2	<ul> <li>by supporting proposals which:</li> <li>Secure a high quality of building design that takes account of the cliff height issues in and around the Marina, townscape and public realm while recognising the potential for higher density mixed development in accordance with the aims of the Spatial Strategy to optimise development on brownfield sites;</li> <li>Do not breach the cliff height within the Marina;</li> </ul>
			Add new paragraph in supporting text after 3.15:
			Fundamental to the strategy for the development area is the provision of mixed use development at a density that helps achieve a vibrant and sustainable place. However, proposed developments should ensure the preservation and/or enhancement of the setting of all listed buildings and conservation areas nearby, as well as the wider historic landscape and city skyline including views to and from the South Downs National Park. Applications for higher density development will be assessed in terms of their ability to meet the design and density considerations set out in CP12 and CP14. It is essential that any new development provides an attractive pedestrian environment, active retail and leisure frontages as well as easy access to the harbour, boardwalk, shoreline and other recreational areas within the Marina.
MM20	39	DA2	Contribute towards the production of or provide Encourage opportunities for the sustainable production of heat and power for the district;
MM21	39, 40	DA2	Secure a more balanced mix of retail, including support for independent retailers, and non retail uses such as leisure, tourism, and commercial uses and non retail uses, which accords with its District Centre status;
			A. 6. Balancing uses with an emphasis towards boating, surfing, leisure and recreation and the enhancement of the <del>District Centre</del> retail offer through encouraging the provision of

Ref	Page	Policy/	Main Modification
		Paragraph	mixed retail activity and services to support any additional expansion in population (see CP4).
			3.17 The Marina is identified as a District Centre in the city's retail hierarchy (see Policy CP4). The majority of existing retail activity takes place in the Merchant's Quay and at the Asda superstore. Whilst the District Centre Brighton Marina contains a range of bars, restaurants and factory outlet stores related to its wider recreation and leisure role, it currently lacks the full range of shops and services, such as banks and post offices, found typically in District Shopping Centres to support the proposed expansion in residential population. The strategy for the development area is to enhance the choice and performance of retail activity in the District Centre Marina through the encouragement of mixed retail activity and improvements to the public realm. Ancillary rRetail development on the Black Rock and Gas Works sites should accord with CP4 Retail Provision. not compete with or prejudice the District Centre at the Marina. A detailed policy regarding the appropriate type and mix of A1 and non A1 uses in the Marina will be set out in Part 2 of the City Plan.
MM22	40	DA2	A. 12. Maximising opportunities to support the city's sustainability objectives through large-scale zero and low-carbon energy technologies, subject to delivery and viability considerations, to serve the Marina and wider city, particularly those that take advantage of the Marina's coastal location (see CP8).
MM23	41, 42, 43	DA2	B. Provision will be made for the following amounts of additional development to be provided by 2030:  1,940 1,938 residential units (including the 853 residential units already granted planning permission for the outer harbour, 1000 residential units allocated for the inner harbour and 85 residential units allocated for the Gas Works site);  5,000 sq m (net) retail (A1-A5) floorspace;   C. 1. Brighton Marina Inner Harbour
			Provision is made for a mixed use development comprising a minimum of 1,000 additional

Ref	Page	Policy/ Paragraph	Main Modification
			residential units (excluding the outer harbour scheme), 5,000 sq m of net additional retail development (A1-A5), 3,500 sq m of additional leisure and recreation use, community facilities (including health facility and community centre).
			C. 2 The Gas Works site has been identified for approximately 2,000 sq m of <u>business</u> employment (B1a, B1e) floor space to the north of the site, a minimum of 85 residential units and some ancillary retail development. The key criteria against which proposals will be addressed are:
			a) Employment provision - development should provide an appropriate mix of employment floor space of varying sizes that cater for business uses ranging from office to light industrial, including small starter units or managed units (Use Classes B1 <del>a, B1c</del> );
			C. 3 The Black Rock site has been allocated for 7,000 sq m of community-leisure and recreation use purposes, in addition to not including ancillary retail and café uses associated with the primary leisure use. Proposals will be assessed against the citywide policies and the following specific criteria:
			a) Provision of a high quality leisure and recreation facility that caters for the needs of the city, <u>complements Brighton Marina</u> , enhances the seafront leisure function, draws tourism to the city and attracts visitors and residents to the seafront;
			Proposals for uses in addition to the recreation and leisure use will only be considered where it can be demonstrated that these uses support the delivery of a leisure and recreation facility and are not in competition with the District Centre status of complement development at the Marina. Supporting or enabling uses should perpetuate informal leisure uses associated with the seafront, conserve the historic environment and enhance linkages between Black Rock, the Marina and the Gas Works site.
MM25	48, 49, 52, 53	DA3	DA3.A.2. Promoting and investing in improved bus, cycling and pedestrian routes along Lewes Road from The Level to the Universities in partnership with public transport operators in order to achieve a modal shift and thereby help reduce the impact of traffic, in particular on air and noise quality. and ensure that new development does not negatively

Ref	Page	Policy/ Paragraph	Main Modification
		Paragraph	impact on the air quality of the area   DA3.A.7. To ensure improvements to local air quality through implementation of the council's Air Quality Action Plan and ensure new developments do not increase the number of people exposed to poor air quality or traffic noise. Ensure new development proposals take into account impact on local air quality and that improvements and/ or mitigation are sought wherever possible.  Add to end of paragraph 3.31:  New development proposals should take account of their impact on local air quality, be consistent with the council's Air Quality Action Plan and minimise increased exposure to existing poor air quality within the AQMA. Improvements and/ or mitigation will be sought wherever possible.  Amend footnote 52:
			52The area of Lewes Road south of the Vogue Gyratory from the University of Brighton to the Level is included in the 200813 Air Quality Management Area as it exceeds the government's Air Quality Objective for annual Nitrogen Dioxides. This will be addressed through the implementation of the council's Air Quality Action Plan.
MM26	49	DA3	B. Provision will be made for the following amounts of additional development to be provided by 2030. Provision will be made through strategic site allocations (below) and through allocations made in the City Plan Part 2 for: 810 residential units;
MM27	49, 50	DA3	C. Strategic Allocations in the Lewes Road Development Area are:  1. Preston Barracks and Brighton University (Mithras House and Watts/Cockcroft Site)  The city council will work with the University of Brighton and other partners to provide a mixed use employment-led development comprising a new business school, 10,600sqm B1 employment floorspace, including an Innovation Centre; 750 rooms of student accommodation; 300 residential units and other ancillary supporting uses. Proposals will be assessed against the priorities for DA3 Lewes Road, citywide policies, guidance in the

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			adopted Planning Brief for the site and the following criteria:
			c) The development should aim to be zero carbon and through creative landscaping solutions (including features such as green walls) should contribute towards Biodiversity Action Plan objectives, green infrastructure and wider landscaping enhancements through creative landscaping solutions.
MM28	50	DA3	DA3. C. 2. Woollards Field South Provision of 5,000 sq m of B1 office business space or alternative employment generating development that helps to meet the city's infrastructure needs on land to the south of the new archive centre, known as The Keep.
			<ul> <li>c) As a greenfield site, the development will be expected to be zero carbon<sup>#</sup> and to achieve an Outstanding BREEAM rating and, through creative landscaping solutions (including features such as green walls), should contribute towards Biodiversity Action Plan objectives, green infrastructure and wider landscaping enhancements.</li> </ul>
			Add new footnote:
			# This will be subject to viability considerations and potential mitigation measures, as set out in policy CP8.
MM29	51	DA3	Add new criterion:
			DA3. C. 2. g) The development must ensure that groundwater sources are protected to the satisfaction of the Environment Agency.
MM30	51	DA3	DA3. C. 3. Falmer Released Land, Former Falmer High School
			Redevelopment for some or all of a range of uses including housing, purpose built student accommodation, offices (B1), and/or educational use. Redevelopment should include a car

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		<b>J</b>	park related to the American Express Community Stadium and the provision, on or off site, of permanent accommodation for the Bridge Community Education Centre and for Brighton Aldridge Community Academy's Pupil Referral Unit. Proposals will be assessed against the priorities for DA3 Lewes Road, citywide policies and the following criteria:
			a) The development will be required to achieve a high standard of design.
			b) Sustainable transport infrastructure will be required to support the scheme and to ensure that there is no adverse air quality impact.
			c) Development should ensure that there will be no adverse impacts on the setting of the South Downs National Park or any locally or nationally designated landscape, historic or ecological sites.
			d) The development should aim to be zero carbon and through creative landscaping solutions (including features such as green walls) should contribute towards Biodiversity Action Plan objectives, green infrastructure and wider landscaping enhancements through creative landscaping solutions.
			e) The developer will be required to enter into a training place agreement to secure training for local people.
			f) The development must ensure that groundwater sources are protected to the satisfaction of the Environment Agency.
MM31	54	3.36	Change last sentence of paragraph 3.36:
			A planning brief for Lewes Road (Preston Barracks and University of Brighton) was, adopted in September 2011, provides detailed guidance on the site.
MM32	54	3.37	3.37 Planning permission was granted in 2011 for an archive centre with related conference, education and research facilities on the Woollards Field site to the south of Falmer Station. The remainder of the site to the south is allocated for 5,000 square metres of office business (B1) floorspace or other employment generating uses in connection with meeting the city's infrastructure needs totalling 5,000 square metres. The site is earmarked in the Infrastructure Delivery Plan (Annex 2) as providing important infrastructure to meet the city's requirement for ambulance/paramedic rapid response

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		, and grapes	points. This development will help provide local training and employment opportunities and could help to strengthen the Universities' positive role within the local economy. Land at the southern end of the former Falmer High School site is no longer required for educational purposes. The site has potential for redevelopment for a range of uses, including student accommodation, residential, office and educational use. These uses could work in conjunction with car parking use for the nearby American Express Community Stadium. Permanent accommodation for the Bridge Community Education Centre and for Brighton Aldridge Community Academy's Pupil Referral Unit should also be provided, either on the Falmer Released Land or in an acceptable alternative location.
MM33	57, 63	DA4 3.52	6. Ensure improvements to local air <u>and noise</u> quality, through improvements to bus, pedestrian and cycle routes to achieve a modal shift and help reduce the impact of traffic, <u>and</u> through the implementation of the council's Air Quality Action Plan-and ensure developments do not increase the number of people exposed to poor air quality or traffic
			noise. Ensure new development proposals take into account impact on local air quality and that improvements and/ or mitigation are sought wherever possible.
			3.52 London Road, south either side of Preston Circus has been designated as part of the 20 <del>08</del> 13 declared Air Quality Management Area due to exceeding the government's Air Quality Objective for Nitrogen Dioxides. and tThe council's new Air Quality Action Plan 2 <del>011</del> will sets out measures to ensure improvement to air quality. New development proposals should take into account impact on local air quality, be consistent with the council's Air Quality Action Plan and minimise increased exposure to existing poor air quality within the AQMA. Improvements and/ or mitigation will be sought wherever possible. The massing of residential developments adjacent to particular roads in the area should be carefully designed so as not to increase the number of people exposed to poor air quality.
MM34	58	DA4	Amend DA4.B  B. Provision will be made by 2030 for the following minimum amounts of development through strategic allocations (below) and through allocations in the City Plan Part 2:  • 1185 1,130 residential units;
MM36	65	DA5	8. Ensuring that there is satisfactory provision of water and wastewater infrastructure to serve new development. Development will need to provide connection to off-site water distribution and sewerage systems at the nearest point of adequate capacity.

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MM37	65, 70	DA5	Add paragraph 11 to Part A of policy:
			11. Support improvement to higher education teaching and library space in the Eastern Road and Edward Street Area.
			Insert at end of paragraph 3.60:
			Expansion and provision of additional teaching and library space for the universities, particularly the University of Brighton, at Circus Street and within the wider development area will be supported as an alternative use where other policy requirements are met (see paragraph 4.40 of CP3 Employment Land).
MM38	66	DA5	Amend DA5.B
			B. The minimum amounts of development to be secured by 2030 through strategic allocations (below) and through allocations in the City Plan Part 2 are: 470 515 residential units;
MM39	66	DA5	Amend DA5.C.1
			1. Royal Sussex County Hospital
			Comprehensive redevelopment and enlargement of the hospital to provide 74,000sqm additional hospital ( <del>D1</del> <u>C2</u> use) floorspace
MM40	66	DA5	Amend introductory paragraph to C2 Edward Street Quarter:
			Employment-led redevelopment of the Edward Street Quarter (including former Amex House and the Job Centre) comprising demolition of the former Amex House and replacement with 15,000-20,000 sq m of high quality B1a office floorspace, a minimum of 65 residential units and ancillary shops (A1) and cafes and restaurants (A3). The proposal will be considered in the context of citywide policies and the following criteria:
MM41	68, 71	DA5	Amendment to DA5, allocation C4 and supporting text:

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		- a.ag.ap.	C. 4. Freshfield Road Business Park and Gala Bingo Hall
			Long term opportunity for Mixed use redevelopment of the Freshfield Road Business Park and Gala Bingo Hall sites comprising a comprehensive approach to the site to improvement to the provision of employment floorspace including B1 office/light industrial floorspace and B8 warehousing and provision of a minimum of 110 residential units. The proposals will be considered against citywide policies and the following criteria:
			a) A comprehensive approach to the redevelopment of both sites will be required to ensure that Provide modern employment space is provided alongside and residential development. and Re-provision or retention of that a community or leisure facility (to retain or replace the Bingo Hall) will be included as part of the Gala Bingo Hall site scheme appropriate to the needs of the local community.
			b) The rRedevelopment across both parts of the site will be of a high standard of design, that is sympathetic to the surrounding historic built environment and will make efficient use of the site in terms of height of buildings and layout and re-introduce development along the frontage of Eastern Road.
			c) The developer will enter into a training place agreement to secure training for local people.
			Amend supporting text at paragraph 3.65
			3.65 The final strategic allocation for the area, Freshfield Road Business Park and the Gala Bingo Hall and car park, has been identified as a development opportunity. The Freshfield Road Business Park element of the site is well occupied and only likely to come forward in the longer term (post 2024). The buildings within the Business Park are currently largely in storage and trade counter uses. Due to the accessible location of the site, which is on a sustainable transport corridor, and its topography (it is at a lower level than the surrounding area) it is considered there are major opportunities to use the site more effectively however it is recognised these units serve a useful function for the city. It is expected that the majority of residential development will be delivered on the Gala Bingo Hall and Car Park site, which can be delivered earlier in the plan period, with the a leisure or community use retained or re-provided as part of the redevelopment as part of a comprehensive scheme.

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MM42	69	3.59	3.59 Sustainable transport initiatives and improvements to the public realm <sup>66</sup> are a priority for the area. and will contribute to the aims of the Low Emissions Strategy (2011) to improve air quality in the area.  66 The Eastern Road Edward Street transport corridor has been identified in the 2007 Air Quality Detailed Assessment as exceeding the government's Air Quality Objective for nitrogen dioxide and is within the 200813 Air Quality Management Area. Air Quality is a priority in the vicinity of the Royal Sussex Hospital.
MM43	74	DA6	DA6. B. Provision will be made by 2030 for the following minimum amounts of development within this Development Area:  • 630 525 residential units;
MM44	76	3.70	3.70 Growth that is based on utilising the sustainable transport connections, in particular Hove Railway Station is a priority in order to facilitate development within the area. The Part of the Hove Station Area lies within the 2008 2013 declared Air Quality Management Area. within which dD evelopment proposals should pay particular regard to air quality, especially adjacent to the main transport roads and junctions such as the of Sackville Road and Old Shoreham Road junction. Developments must avoid increasing the number of people exposed to poor air quality and should not cause deterioration in air quality. New development proposals should take into account impact on local air quality be consistent with the council's Air Quality Action Plan and minimise increased exposure to existing poor air quality within the AQMA. Improvements and/ or mitigation will be sought wherever possible. Also several of the junctions in the area are at or near capacity so any additional traffic is likely to add to delays.
MM45	79-86	DA7 3.83- 3.101	DA7 – Toad's Hole Valley  The strategy for the development of Toad's Hole Valley and Court Farm is to secure a modern, high quality and sustainable mixed use development to help meet the future needs of the city, improve accessibility and provide new community facilities to share with adjacent neighbourhoods.  A. The local priorities to achieve this strategy are:

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			1. That the site is used efficiently and effectively to assist in meeting the development and
			infrastructure requirements of the city.
			2. Ensure that The development is of an will aim to be an exemplary standard in terms of
			environmental, social and economic sustainability, achievinges a One Planet approach and
			promotinges the city's UNESCO Biosphere objectives.
			3. Ensure that development respects the setting of the South Downs National Park and seeks to enhances links to the National Park for local residents and tourists.
			4. To secure The development that will benefit provide the opportunity to benefit residents
			in terms of the mix of uses, an improved provision of community facilities, road safety
			improvements, training and job opportunities for local people and the provision of green
			infrastructure including public open space and natural green space.
			5. To improve sustainable transport links to the area.
			6. To incorporate appropriate landscaping and planting to maximise opportunities to increase biodiversity across the site.
			7. Conserve and enhance the designated Site of Nature Conservation Importance.
			8. Protect sensitive groundwater source protection zones from pollution and ensure the
			reduction of no increase in surface water run-off and flood risk.
			9. Provide the necessary infrastructure for the development including water distribution and sewerage.
			B. Provision will be made for tThe following amounts and types of additional development key elements to will be provided by 2030:
			A minimum of 700 residential units
			<ul> <li>A minimum 25,000sqm of B1 employment space – site area 3.5 - 4.5 ha</li> </ul>
			<ul> <li>Site reserved for a          A new secondary school – site area 5ha</li> </ul>
			<ul> <li>Public open space with children's play space and informal sports facilities – 2 ha         hectares</li> </ul>
			Provision of ancillary supporting uses – shops and cafes and multi-use community
			<u>building</u>
			Multi-use community facility
			Food growing space – 0.5 ha hectares
			Green infrastructure integrated through the site to deliver Biosphere objectives and  Application Plan to make
			contribute to Biodiversity Action Plan targets.
			<ul> <li>Energy infrastructure such as district cooling, heating and power networks</li> </ul>

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			C. The strategic allocation for Toad's Hole Valley is:
			1. Toad's Hole Valley east of the SNCI and south of the A27 embankment
			Provision will be made for a high standard sustainable, mixed-use development across the site comprising a minimum of 700 residential units, 25,000sqm B1 employment space, a new secondary school, a multi-use community facility and ancillary supporting uses.
			The following criteria will form the framework for detailed planning guidance and the basis for considering development proposals The proposals will be assessed against the citywide policies and the following criteria:
			<ul> <li>a) New development will be expected to make the best use of the site and residential densities should fall within a range of 50 - 75 dwellings per hectare.</li> <li>b) There will be a minimum of 50 per cent 3+ bedroom family sized dwellings provided as part of the residential scheme.</li> <li>c) The office element of the scheme will be high tech, modern office space that will provide</li> </ul>
			<ul> <li>a range of unit sizes to attract new businesses to the city and support growing business.</li> <li>d) Due regard will be given to the impact of development on the purposes and setting of the South Downs National Park<sup>79</sup>.</li> </ul>
			e) Environmental sustainability will be central to the design and layout of the scheme which will be expected to meet the requirements of policy CP8. Code for Sustainable Homes Level 6, BREEAM Outstanding and be zero carbon (or carbon neutral).
			f) Development within this area will be expected aim to incorporate infrastructure to support low and zero carbon decentralised energy and in particular heat networks subject to viability and deliverability.
			g) The scheme will make provision for 5ha of land to accommodate a new secondary school to be developed in partnership with by the city council or its nominee.
			h) Development will make <u>contributions towards</u> <del>provision for</del> improved pedestrian and cycle links to the South Downs National Park.
			i) The provision of a new multi-use community facility to include a community meeting
			place, a doctor's surgery and a resource promoting links to the National Park.
			j) Development proposals will address the issues of highways safety on King George VI Avenue, noise and other traffic impacts from the A27 and provide improved links to

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			<ul> <li>adjacent residential areas.</li> <li>k) Improvements to public transport access and a good quality public realm that encourages healthy lifestyles (walking and cycling with connections to existing cycle infrastructure).</li> <li>l) Development will need to provide local infrastructure to the water and sewer system at the nearest point of adequate capacity.</li> <li>m) Provision of children's play facilities, public open space (2 ha. minimum), contributions towards improved links to existing parks and food-growing space (0.5 ha.) and opportunities.</li> <li>n) Developer contributions will be sought to secure the sustainable conservation and enhancement of the adjacent Site of Nature Conservation Importance.</li> <li>o) The developer will enter into a training place agreement to secure training for local people.</li> <li>p) The site will be the subject of detailed guidance provided in a future planning brief prepared in consultation with the landowners/developer and relevant stakeholders.</li> <li>q) Work in partnership with the Highways Agency and developer to improve the operational performance of the trunk road network and links to local roads that will be set out in a future planning brief for the area.</li> </ul>
			Supporting Text
			3.83 Brighton & Hove is a tightly constrained urban area. With the sea to the south and the recently designated South Downs National Park boundaries drawn tightly to the city's edges there are few opportunities for the city to physically expand. The development needs of the city are such that making effective use of a scarce land supply is essential. This is particularly so given the need to balance development requirements with the city's need for open space and the need to safeguard the city's highly valued natural and historic environments.
			3.84 Identifying land at Toad's Hole Valley for development represents an opportunity to secure new housing, employment, education, open space and community facilities for the city. It is also an opportunity to achieve exceptionally high standards of development, improve accessibility to this part of the city and secure new community facilities, green infrastructure and open space for residents of the new development and for adjacent neighbourhoods. As a result, development at Toad's Hole Valley should provide aim to be an exemplar of sustainable development and demonstrate that the city's

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			UNESCO Biosphere Reserve objectives can be successfully integrated throughout the development scheme subject to viability and deliverability.
			3.85 In terms of design, care will be taken to ensure that future development will not adversely affect views to and from the South Downs National Park. A future planning brief for the area will provide guidance for the future development of the site.
			High standards of sustainable development
			3.86 Environmental sustainability will be central to the design and layout of development at Toad's Hole Valley which will be expected to meet the requirements set out in CP8 Sustainable Buildings Code for Sustainable Homes Level 6, BREEAM Outstanding and be zero carbon or carbon neutral. When it can be demonstrated that sustainable building standards cannot be met on site, mitigation measures will be sought in accordance with the national zero carbon policy unless exemptions apply and City Plan policy CP8 Sustainable Buildings and CP7 Infrastructure and Developer Contributions through Allowable Solutions or an agreed local offset mechanism. Development will be expected to address the principles of a One Planet approach <sup>80</sup> and incorporate measures to help mitigate or adapt to climate change, reduce greenhouse gas emissions, address fuel poverty and security and reduce the city's ecological footprint subject to viability and deliverability. Measures to help achieve the delivery of these objectives include:
			<ul> <li>facilitating low ecological footprint lifestyles and practices, both on site and in the surrounding area;</li> <li>rationalising site layout, street and building orientation to maximise passive design;</li> <li>maximising the potential to generate energy renewably on the site;</li> <li>delivering a decentralised energy network;</li> <li>offering options to extend energy infrastructure to the surrounding built environment;</li> <li>surface water run-off being controlled to maintain Greenfield run-off rates; and</li> <li>on and off site tree-planting to help reduce the impact of urban heat island effect</li> </ul>
			3.87 The Brighton & Hove Energy Study has identified particular potential for networks for District Heating in and around this area as part of a long list of priority areas based upon straightforward installation opportunities and cost effectiveness. Development within the area will be expected to incorporate infrastructure to support low and zero carbon decentralised energy and in particular heat networks subject to viability and deliverability.

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			Housing
			3.88 The city's housing requirements are such that it is important for the council to identify all suitable opportunities to secure new housing for the city's growing population (see Policy CP1). The scale of housing requirements forecast for the city coupled with the constrained nature of the city's urban land supply supports the planned release of this land at Toad's Hole Valley.
			3.89 The strategic allocation at Toad's Hole Valley will secure a significant amount of new housing provision of which a significant amount will be family-sized accommodation and affordable housing. Most of the city's urban sites are relatively small in terms of site area and more suited to flatted forms of development. The evidence base <sup>81</sup> indicates that over the course of the plan period, an estimated 53 per cent of overall housing need and demand is likely to be for larger (3 and 4 bedroom) properties and in terms of house types demand/need is likely to be greater for houses (68 per cent) than for flats (32 per cent) <sup>82</sup> . In reality, the likelihood of delivering this mix of housing in the city is restricted by the types of sites likely to be brought forward for development. Planned development at Toad's Hole Valley allows for a better housing mix to be integrated within the overall development. For this reason the policy requires at least 50 per cent of the new housing to be family-sized. The specified density range should also enable the provision of a mix of housing types and sizes to achieve a choice in the range of housing at this location and ensure effective use of the site whilst recognising this is an area of lower densities compared to the other seven development areas.
			Employment Floorspace
			3.90 The allocation of 3.5 – 4.5 ha site area for employment use with the aim of accommodating a minimum of 25,000 sq m B1 employment floorspace at Toad's Hole Valley that will support a key growth sector in the economy - the knowledge based economy. This will be done by providing the opportunity for high quality, sustainable and flexible business space offering move-on space for successful companies that need to expand and incubation space linked to the universities. The Employment Land Study Review 2012 indicated that in light of the identified needs for industrial floorspace over the plan period there was the potential for some of the B1a, B1b, employment floorspace to be substituted by B1c light industrial floorspace subject to appropriate masterplanning. Parking provided in connection with a future office use may be considered for informal weekend Park + Ride where the criteria set out in the supporting text of policy CP8 CP9 Sustainable Transport can be met. It is considered that the most appropriate location for the employment area is in close proximity

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			to the trunk road network in terms of accessibility and amenity.
			Secondary School and Infrastructure
			3.91 There is a strategic need for additional secondary school places in the city. Since 2005 the council has expanded a number of primary schools to provide an additional 11.5 forms of entry (345 more places) per year. These additional places will need to be provided in secondary schools by 2018. To go towards meeting this requirement it is proposed that 5 ha is reserved for a 6 form-entry secondary school is provided on the site as part of the mixed use development. This would have a minimum space requirement of 5 hectares. Playing fields provided with the school should be made available for dual use with the local community when not being used by the school.
			3.92 Southern Water has identified the need for water and wastewater infrastructure to serve new development and new development will need to connect to water and sewerage systems off site. This will determined when development comes forward and where appropriate, developer contributions will be sought towards meeting these priorities.
			Phasing of Development
			3.93 It is important that new residential development is not completed and occupied prior to the provision of supporting, ancillary and community uses (including the school, ancillary shops and the multi-use community facility) are provided at the appropriate time so as not to as this will lead to place an unacceptable burden on existing facilities. Therefore careful consideration should be given to the phasing of development on the site. Additionally the new employment floorspace represents an important element of this mixed use scheme. The land should be retained for employment purposes and development should be delivered to a phasing programme to be agreed. A minimum of a first phase of the employment land should be completed prior to completion of the housing element of the scheme to stimulate the market. This will ensure the site will contribute to the overall supply of office floorspace in the city and should be delivered alongside the residential phases of development with due regard to the overall delivery of office floorspace in the city (see CP3).
			Transport
			3.94 The key issue for any comprehensive redevelopment of Toad's Hole Valley is to ensure there are improved sustainable transport links to the area. Work will be undertaken with sustainable transport

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		i di agi apii	providers to ensure that links are improved. In terms of promoting cycling and walking, improved links to adjacent neighbourhoods and to designated national cycle routes will be sought as part of a redevelopment scheme.
			3.95 The site is bounded by King George VI Avenue which is a main route into Hove from the A27 Bypass. The redevelopment of Toad's Hole Valley represents an opportunity to improve safety on this steep and curving road. Redevelopment proposals should give consideration to slowing traffic, realigning the road, providing off-street parking in accordance with parking standards and improving the local environment. More details will be provided in the future planning brief.
			3.96 The development is likely to have an effect on the operation of the Devils Dyke Junction with the A27. Work will be undertaken with the Highways Agency and developer, taking into account sustainable measures to reduce vehicular traffic, and mitigation measures will be identified to ensure the safe movement of traffic on the A27. Options will be developed as part of the future planning brief.
			3.97 3.96 Improved walking and cycling links to the South Downs National Park will be expected to be provided as part of the redevelopment scheme. This may involve improving existing links or providing new links to the Park.
			Public Open Space
			3.98 3.97 Toad's Hole Valley is privately owned and not accessible to local residents. As part of a redevelopment, provision a minimum of 2 ha of public open space should be provided as part of the scheme. This should include a children's playspace as well as a landscaped space and consideration should be given to ensuring long term maintenance.
			$\frac{3.99}{3.98}$ As part of the scheme a minimum of 0.5 ha should be set aside for food growing by local residents within and in neighbourhoods near to, the site.
			Local Shops, Community facilities
			3.100 3.99 In addition to a new school as part of the scheme to the land reserved for a new school, provision should be made for a multi-purpose community facility that may include a doctor's surgery, a community meeting place and National Park Interpretation/education facility. Further facilities required as part of a balanced and sustainable community will be for local shops and services.

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			Site of Nature Conservation Importance (SNCI)
			3.101 3.100 The western bank of Toad's Hole Valley is an identified SNCI and lies outside the strategic allocation for the area. As part of the proposed development a future redevelopment measures will be expected to be undertaken to improve the quality and biodiversity of the SNCI and to improve walkways through the area and to the National Park.
			Note: Footnotes for the policy have not been amended.
MM46	87, 233	DA8	Amend <b>Policies Map, Key Diagram</b> , and <b>Key Illustration</b> to remove Boundary Road / Station Road from the Development Area boundary, and to make the boundary definite rather than indicative (to be consistent with draft Shoreham Harbour Joint Area Action Plan).
			See revised maps attached at Appendix 1; see also PM112 for additional changes to Key Diagram.
MM47	88	3.103	Additional bullet point:
			• To maximise opportunities to support the City's sustainability objectives through large-scale zero and low-carbon energy technologies to serve the harbour and wider city, particularly those that take advantage of the harbour's coastal location. In particular the City Council will encourage any opportunities that arise to incorporate waste heat or other heat sources into the heat networks for the city.
MM48	88	DA8	DA8 – Shoreham Harbour
			The Council will work with Adur District Council, West Sussex County Council, Shoreham Port Authority and other key partners to support the long term regeneration of Shoreham Harbour and immediately surrounding areas. A Joint Area Action Plan (JAAP) is currently being prepared that will contain detailed policies for the harbour area- to address a range of issues, including the provision of infrastructure.
MM49	88	DA8	DA8.A. Development Capacity  400 300 new residential, units within Brighton & Hove (which are included as part of the

	city's long term overall housing target)
DA8	i) South Quayside / Port Operational:
DA8	<ul> <li>ii) Aldrington Basin: Area priorities: a) To designate Aldrington Basin as a Strategic Employment/Mixed-use Area Fo to accommodate a vibrant mix of new and improved port operational facilities as well as compatible non-port employment uses, including A and B use classes. The balance of land uses will be determined in accordance with the future development brief that will form part of the JAAP.</li> <li>b) To maximise intensification and redevelopment opportunities of existing lower grade, vacant and under-used spaces.</li> <li>e) To accommodate appropriately located mixed-use residential development. in accordance with a future brief that will form part of the JAAP.</li> <li>d) To improve access arrangements and townscape upgrades to create better linkages to surrounding areas.</li> <li>d) To secure improvements to legibility, permeability and connectivity through high quality building design, townscape and public realm, whilst respecting and enhancing the character and environment of surrounding areas.</li> <li>e) To ensure that all development takes into account the findings and recommendations of the 2012 Strategic Flood Risk Assessment and any subsequent revisions current Flood Risk Assessments.</li> <li>f) To ensure that new development proposals take into account impact on local air quality and noise and that improvements and/or mitigation are sought wherever possible.*</li> </ul>
	Add new footnote:  # Part of this character area lies within the 2013 Air Quality Management Area.

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MM52	90	DA8	<ul> <li>iii) North Quayside / South Portslade         Area priorities:         <ul> <li>a) To develop North Quayside as a new and improved Port operational area accommodatinew and relocated port uses with limited land reclamation and a new access road (within the Port boundary) in line with the Port Masterplan.</li> </ul> </li> <li>b) To designate South Portslade Industrial Area as a Strategic Employment/Mixed-use Area, including some appropriately located residential development, in accordance with a future brief that will form part of the JAAP.</li> <li>c) To secure improvements to legibility, permeability and connectivity through high qualibuilding design, townscape and public realm, whilst respecting and enhancing the</li> </ul>	
			character and environment of surrounding areas.  c) To improve connections and townscape around key linkages including Boundary Road/Station Road (B2194) district retailing centre, Church Road (B2193A293) and along the A259.  d) To ensure that all development takes in to account the findings and recommendations of the 2012 Strategic Flood Risk Assessment and any subsequent revisions current Flood Risk Assessment.	
			e) To ensure that new development proposals take account of impact on local air quality noise and air quality impacts and that improvements are sought wherever possible. To ensure that new development proposals take into account impact on local air quality and noise and that improvements and/or mitigation are sought wherever possible.	
MM53	91	3.105 footnote 84	3.105 These aspirations for the Shoreham Harbour area were subsequently identified in the Regional Spatial Strategy (RSS) for the South East (May 2009). The published South East Plan <sup>84</sup> indicates <u>d that</u> the Sussex Coast was a priority area for regeneration (SCT2) and specifically identifies Shoreham Harbour as a Growth Point (SCT1). The harbour is one of three sites in Adur District described as requiring coordinated action to unlock economic development potential (Policy SCT3). An interim figure of 10,000 dwellings was identified subject to detailed studies.	

Ref	Page	Policy/ Paragraph	Main Modification
			Amend footnote 84:  84 Regional strategies remain part of the development plan until they are abolished by Order using powers taken in the Localism Act. The Regional Strategy for the South East (Part Revocation) Order 2013 came into force on 25 March 2013. Therefore, the South East Plan no longer forms part of the Development Plan for the Plan area.
MM54	91, 92	3.109	3.109 The Port is important regionally for the landing, processing and handling of minerals and as such mineral wharf <u>facilities</u> are safeguarded under "Policy WMP15 - Safeguarding railheads and wharves" of the East Sussex, South Downs and Brighton & Hove Waste and Minerals Plan <u>(adopted February 2013)</u> . As a result development proposals affecting minerals wharves are required to demonstrate that there is no net loss of capacity for handling minerals within the <u>pP</u> ort. A similar policy <u>is likely to may</u> be included within the emerging West Sussex Minerals Local Plan. The two <u>waste mineral</u> planning authorities <u>(Brighton &amp; Hove and West Sussex)</u> are currently preparing guidance in liaison with the Port Authority to set out clearly what the implications of the policy are and what is required of applicants as part of the planning process. <u>The mechanism for safeguarding minerals handling capacity within the Port is to be considered in detail in the JAAP.</u>
MM55	92	3.110	3.110 The Shoreham Harbour Regeneration Partnership (comprising Adur District Council, Brighton & Hove City Council and West Sussex County Council) have prepared are in the process of preparing an Investment Strategy which will provides a work programme for delivering the regeneration proposals and will underpin the emerging JAAP. The infrastructure requirements for the Harbour area will be set out in the Infrastructure Delivery Plans (IDP) that underpins the City Plan and the Adur Local Plan.
MM56	96	SA1	SA1.C.1 Provision of <u>a minimum</u> 400 residential units
MM58	99	3.122	3.122 The Air Quality Further Review and Assessment (2010) and the Air Quality Action Plan (2011) identified certain junctions on the A259 as exceeding the annual nitrogen dioxide air quality objectives and the A259 between Arundel Road and the city boundary with Adur District Council is included within the 2008 declared Air Quality Management Area. Much of the A259 corridor is included within the 2013 Air Quality Management Area.
MM61	103	SA2	7. Ensure new development proposals take into account impact on local air quality and that improvements and/ or mitigation are sought wherever possible. The council will work with public transport providers, freight transport operators and secure road junction and urban realm improvements to reduce congestion and emissions, to improve air quality and encourage improved pedestrian and cycling movements within the city centre (See CP13).

Ref	Page	Policy/ Paragraph	Main Modification	
MM62	106	3.141	3.141 Central Brighton is designated within an Air Quality Management Area with North Street, Queen's Road and Western Road exceeding the annual nitrogen dioxide air quality objectives <sup>103</sup> . New development proposals within the AQMA should take account of their impact on local air quality, be consistent with the council Air Quality Action Plan and minimise increased exposure to existing poor air quality. Where appropriate improvements and/or mitigation measures will be sought. and \$\pmathrm{t}\$The council's Air Quality Action Plan sets out the priorities to improve local air quality and the Local Transport Plan and subsequent updates will address junction improvements and traffic management in the area. The council is investigating the development of a Low Emission Zone in the central city area. Supporting this, there will be is a continuing programme scheme of urban realm improvements <sup>104</sup> which will be informed, undertaken and developed as part of a consistent vision based on the findings of the Public Space, Public Life Study (2007).  Amend Footnote 103:  103 Air Quality Management Area 2013 Further Review and Assessment (2010) and the Air Quality Action Plan (2011) identified that West St, North St, Queen's Road and Western Road exceed the government's air quality objectives for nitrogen dioxides.	
MM64	111-113	SA4 3.154 3.155	3.154 In many instances the South Downs National Park boundary is contiguous with the built up urban edge of the city. The urban fringe is therefore now made up of 'pockets' of residual green space rather than any homogenous green 'belt' around the city. These areas are vulnerable to development pressures, farm fragmentation and anti-social behaviour such as fly-tipping, vandalism and inappropriate recreational activity such as illegal motor biking. Elsewhere there has been piecemeal enclosure both for the keeping of horses and garden use. Much of the city's urban fringe meets the NPPF definition of existing open space and represents a significant proportion of the city's open space resource. The urban fringe is also important in terms of biodiversity and designations include the South Downs Way Ahead Nature Improvement Area, Local Nature Reserves (LNRs) and Sites of Nature Conservation Interest.*  3.155 Within the urban fringe, there will be some opportunities for development to help meet citywide needs. The appropriate nature and form of any such development will need to reflect the need Careful use and management of land within the urban fringe is therefore essential in terms of helping to retain the setting of the city in its downland landscape.  Add new footnote:	

Ref	Page	Policy/	Main Modification
		Paragraph	
			# SNCIs have been reviewed and will be renamed Local Wildlife Sites in Part 2 of the City Plan.
			SA4 Urban Fringe
			The Where appropriate, the council will promote and support the careful use and management of land within the urban fringe to achieve the following objectives:
			1. The protection and enhancement of the wider landscape role of land within the urban fringe, the setting of the South Downs National Park and the protection of strategic views into and out of the city.
			2. Securing better management of the urban fringe, environmental improvements and safe public access to the countryside through sustainable means.
			3. The promotion of the urban fringe land as part of the city's green network and, where appropriate, encouraging opportunities for multi-functional uses such as, appropriate recreation and cultural experience, new allotments and local food production and biodiversity conservation and enhancements (see CP10 Biodiversity).
			4. The protection of sensitive groundwater source protection zones from pollution and encouraging land management practices that reduce rapid surface water runoff and soil erosion.
			5. The creation of 'gateway' facilities and interpretative facilities in connection with the South Downs National Park to support sustainable tourism.
			Development within the urban fringe will not be permitted except where:
			a) a site has been allocated for development in a development plan document; or b) a countryside location can be justified;
			and where it can be clearly demonstrated that:
			c) the proposal has <u>had</u> regard to the downland landscape setting of the city;

Ref	Page	Policy/	Main Modification
		Paragraph	
		rurugrupn	d) all any adverse impacts of development are minimised and appropriately mitigated and/or compensated for; and e) where appropriate, the proposal helps to achieve the policy objectives set out above.  Should proposals for development come forward prior to the adoption of Part 2 of the City Plan, the 2014 Urban Fringe Assessment will be a material planning consideration in the determination of applications for residential development within the urban fringe.  Insert the following new Paragraph between 3.157 and 3.158:
			Some land within the city's urban fringe has been identified as having potential to help meet the city's housing requirements (see Part B, Policy CP1 Housing Delivery). Sites identified through the 2014 Urban Fringe Assessment Study (or parts of sites where relevant) will be considered to have potential for housing in the Strategic Housing Land Availability Assessment exercise. Further consideration and a more detailed assessment of potential housing sites will be undertaken to inform allocations made in Part 2 of the City Plan with a particular emphasis on delivering housing to meet local needs. As part of this process, the City Council will consider how best to ensure that opportunities for community land trusts, community-led development, right to build, and housing co-operatives are brought forward/safeguarded in order to maximise housing opportunities that meet local housing needs. This will be taken forward through the City Plan Part 2. Sites coming forward for development ahead of the preparation of Part 2 of the City Plan will need to address criteria c) to e) set out in Policy SA4 above and satisfy detailed information requirements** at the planning application stage.
			# This may include, for example, landscape assessment, ecology and archaeology surveys, traffic assessments and possibly Environmental Impact Assessment.
MM65	114- 117	SA5	SA5 The Setting of the South Downs National Park  The Council will work in partnership with the South Downs National Park Authority and adjoining authorities and landowners to protect and enhance the natural beauty of the South Downs National Park. Proposals within the setting of the National Park must have regard to the impact on the National Park, in particular the purposes of the National Park and the ability of the South Downs National Park Authority to deliver its duty. Development within the setting of the National Park:

Ref	Page	Policy/	Main Modification
		Paragraph	. March bear day as a sent to the found to the Courth Day on the Courth Day of the court is a sent to the court is
			a. Must have due regard to its impact on the South Downs National Park, its setting and
			upon Should be consistent with and not prejudice National Park purposes and, where appropriate, the duty of the National Park Authority Any adverse impacts must be
			minimised and appropriate mitigation or compensatory measures included. Such measures,
			including proposed enhancements, should have regard to landscape character and impact;
			b. Should be consistent with National Park purposes and duty and mMust respect and not
			significantly harm the National Park and its setting, in accordance with Section 62 of the
			Environment Act 1995. or prejudice National Park purposes. Any adverse impacts must be
			minimised and appropriate mitigation or compensatory measures included. Such measures, including proposed enhancements, should have regard to landscape character and impacts;
			and
			c. Should have due regard to the City Council's priorities for the South Downs where appropriate.
			The council, which is not the planning authority for the National Park but is a key
			landowner, recognises the following priorities for the south downs and National Park land that falls within the city's administrative area:
			1. To promote Biosphere Reserve principles and objectives, bringing people and nature together.
			2. To promote sustainable land use management systems on the downs with greater emphasis on local healthy food production, diversification and farming practices that are sympathetic to wider downland objectives;
			3. To conserve and enhance downland habitats and species to meet
			Biodiversity Action Plan (BAP) targets and recognise the role of the Downs in the city's Green Network/Nature Improvement Area/open space framework (see CP10 Biodiversity and CP16 Open Space);
			4. To protect scheduled ancient monuments and other downland features;
			5. To protect sensitive aquifer protection zones and address catchment flood management issues.

_	Main Modification
Paragraph	
	6. To increase the amount of accessible land adjacent to the urban area and enhance access from the urban area to the Downs by sustainable transport including by walking, eyeling and public transport modes (see CP9 Sustainable Transport and CP18 Healthy City).
	7. To promote a stronger visitor experience between the city and the South Downs, facilitate sustainable eco tourism in the South Downs and the provision of gateway facilities to the South Downs National Park. In particular, to recognise the role of Stanmer Park within the National Park and the need to manage parking and traffic in order to reduce the risk of degradation of gateway areas and facilitate improved sustainable transport links. (See SA4 Urban Fringe, CP5 Culture and Tourism and CP9 Sustainable Transport).
3.165 - 3.168	3.165 The purpose of this policy is to provide clear planning guidance for proposals within the setting of the National Park and also as a strategic policy, to set out the council's aspirations for the South Downs to inform planning proposals or including land within the National Park future partnership working with the National Park Authority as appropriate. The majority of this land the countryside within the city's administrative boundary is owned and leased to tenants by the city council  3.166 An important role of the National Park Authority is to promote understanding of the South Downs and to promote access to the National Park by sustainable means. A number of these measures are likely to be implemented within the administrative area of Brighton and Hove and this emphasises the need for good partnership working. Stammer Park is a Grade II registered park of special historic interest: a 485 hectare rural estate with landscaped park, buildings and gardens, a village, farmland, woodland and amenity grassland used as public open space and all falling within the National Park with much in the ownership of the city council. It is covered by a variety of nature conservation and conservation designations and is a major recreational resource for residents of and visitors to the city. Stanmer Park itself will be covered by the South Downs National Park Local Plan, however, there may be planning implications for the City Council because it Brighton & Hove City Council seeks to promote access to the South Downs by developing Stanmer Park as a gateway, promoting access and improving public transport. Similarly There is also the need to manage parking at gateway locations in order to reduce the risk of degradation of these areas and to link them to a sustainable transport system could have planning implications for the City Council.  3.168 The council, which is not the planning authority for the National Park but is a key landowner, recognises the following priorities for the South Downs within the city's adminis
	Paragraph  3.165 –

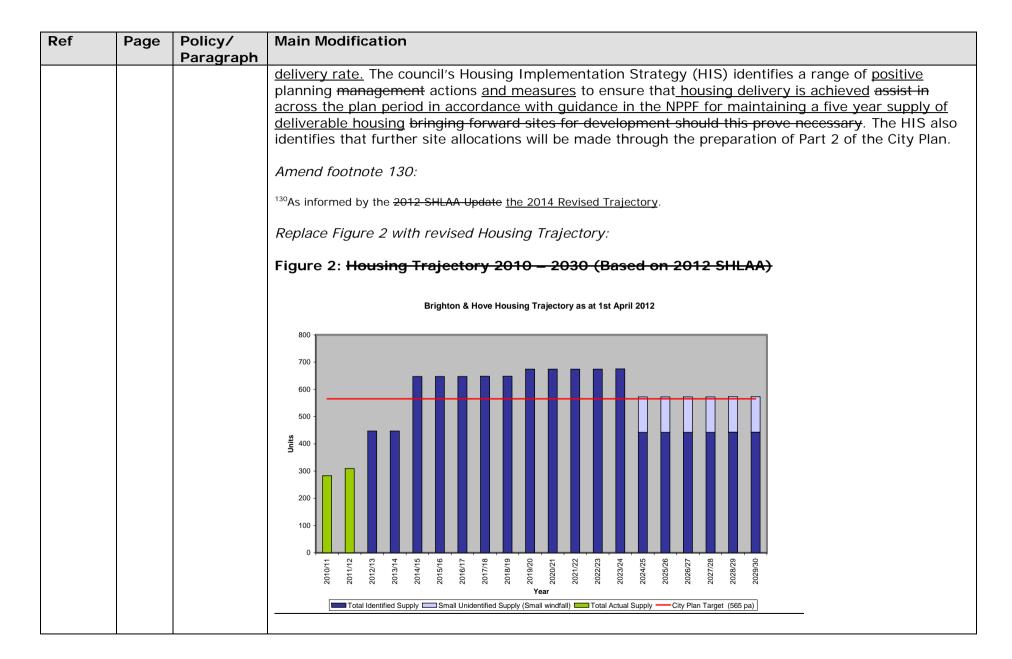
Ref	Page	Policy/ Paragraph	Main Modification	
			1. To promote Biosphere Reserve principles and objectives, bringing people and nature together;	
			2. To promote sustainable land use management systems on the Downs with greater emphasis on local healthy food production, diversification and farming practices that are sympathetic to wider downland objectives;	
			3. To conserve and enhance downland habitats and species to meet Biodiversity Action Plan (BAP) targets and recognise the role of the Downs in the city's Green Network/Nature Improvement Area/open space framework (see CP10 Biodiversity and CP16 Open Space);	
			4. To protect scheduled monuments <sup>#</sup> and other downland features;	
			5. To protect sensitive aquifer protection zones and address catchment flood management issues;	
			6. To increase the amount of accessible land adjacent to the urban area and enhance access from the urban area to the Downs by sustainable transport including by walking, cycling and public transport modes (see CP9 Sustainable Transport and CP18 Healthy City); and	
			7. To promote a stronger visitor experience between the city and the South Downs, facilitate sustainable eco tourism in the South Downs and provide gateway facilities to the South Downs National Park. In particular, to recognise the role of Stanmer Park within the National Park and the need to manage parking and traffic in order to reduce the risk of degradation of gateway areas and facilitate improved sustainable transport links. (See SA4 Urban Fringe, CP5 Culture and Tourism and CP9 Sustainable Transport).	
			Insert new footnote:	
			# A statutorily protected building, structure or feature of national importance because of its archaeological and historic interest.	
MM68	120	SA6	A. 8. Deliver balanced communities through the requirement for new residential development to provide an appropriate amount of affordable housing, mix of dwelling sizes and tenure types and through the City Plan Part 2 ensure new housing meets lifetime homes standards optional technical standards for access and the nationally described space standards. In areas where there is a concentration of social rented housing, a better choice	

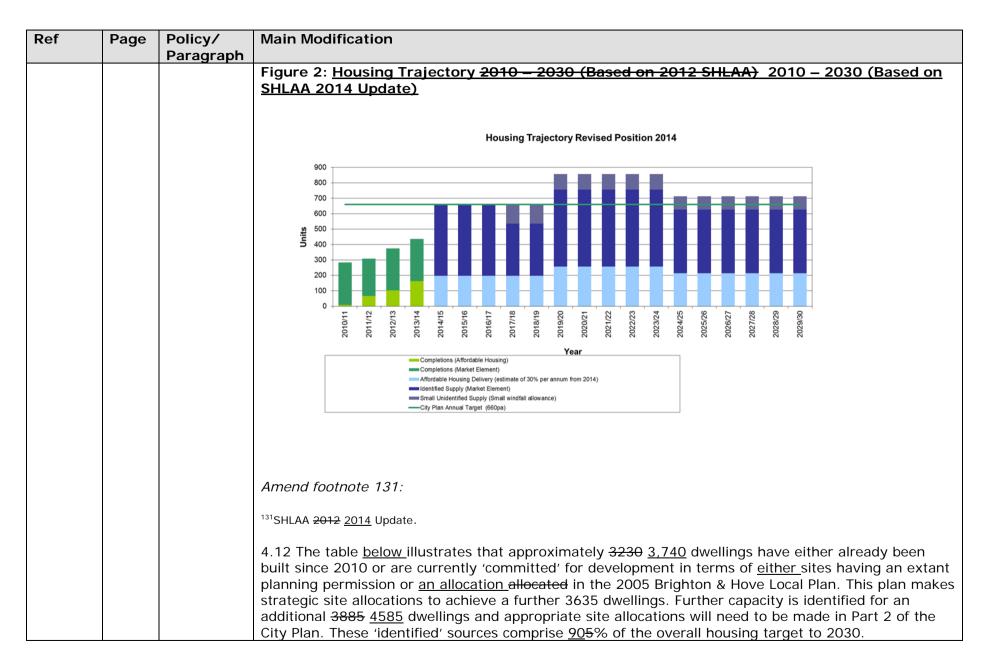
Page	Policy/ Paragraph	Main Modification		
		of housing tenures will be sought (see Affordable Housing).	CP1 Housing Delivery, <u>C</u>	P19 Housing Mix and CP20
121	3.172	<ul> <li>Add bullet point to the list of aims in paragraph 3.172:</li> <li>ensure new residential development provides for an appropriate mix of dwelling types and tenures and meets the new national technical standards and through the City Plan Part 2 seek to apply the nationally described space standards and optional technical standards in respect to accessibility, adaptability and wheelchair standards.</li> </ul>		
MM72  127- 132  The council will make provision for at least 11,3 plan period 2010 – 2030 (this equates to an and dwellings).  Amend Part B of Policy:  B: Distribution of new housing.		to an annual average rat	te of provision of <del>565</del> <u>660</u>	
		Area / Source of Supply  Development Area  DA1 - Brighton Centre and Churchill Square Area  DA2 - Brighton Marina, Gas Works and Black Rock Area  DA3 - Lewes Road Area  DA4 - New England Quarter and London Road Area  DA5 - Eastern Road and Edward Street	No. of new homes  20  1940  810 875  1185 1130 470	
	121	121 3.172 127- CP1	of housing tenures will be sought (see Affordable Housing).  121 3.172 Add bullet point to the list of aims in parage.  • ensure new residential development tenures and meets the new national to apply the nationally described sparaccessibility, adaptability and wheeled tenures and meets the new national to apply the nationally described sparaccessibility, adaptability and wheeled tenures and meets the new national to apply the nationally described sparaccessibility, adaptability and wheeled tenures and the policy:  127-132 The council will make provision for at I plan period 2010 – 2030 (this equates dwellings).  Amend Part B of Policy:  B: Distribution of new housing.  New housing will be delivered broadly  Area / Source of Supply  Development Area  DA1 – Brighton Centre and Churchill Square Area  DA2 – Brighton Marina, Gas Works and Black Rock Area  DA3 – Lewes Road Area  DA4 – New England Quarter and London Road Area	of housing tenures will be sought (see CP1 Housing Delivery, CAffordable Housing).  3.172  Add bullet point to the list of aims in paragraph 3.172:  • ensure new residential development provides for an appropriate tenures and meets the new national technical standards and the to apply the nationally described space standards and optional accessibility, adaptability and wheelchair standards.  CP1  Amend first sentence in Part A of policy:  The council will make provision for at least 11,300 13,200 new plan period 2010 – 2030 (this equates to an annual average rate dwellings).  Amend Part B of Policy:  B: Distribution of new housing.  New housing will be delivered broadly in line with the following:  Area / Source of Supply  Development Area  DA1 – Brighton Centre and Churchill  Square Area  DA2 – Brighton Marina, Gas Works and Black Rock Area  DA3 – Lewes Road Area  DA4 – New England Quarter and London Road Area  DA5 – Eastern Road and Edward Street  470

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		Paragraph	DA/ Have Challen Area	(20)	
			DA6 – Hove Station Area	<del>630</del> <u>525</u>	
			DA7 Tood/s Hele Velley		
			DA7 –Toad's Hole Valley DA8 – Shoreham Harbour	700 400	
			DA8	300	
			Development Area Total	500 6155	
			Development Area Total	6005	
			Development Across Rest of City:	<del>3945</del>	
			a) Within the built up area	4130	
			b) Within the urban fringe#	1060	
				<u></u>	
			Small identified sites	<del>650</del>	
				<u>765</u>	
			Small Windfall Development	<del>600<sup>125</sup></del>	
				1250 <sup>125</sup>	
			Total	<del>11,350</del>	
				<u>13,210</u>	
			# As defined in policy SA4 the City Plan Part 1.  Amend footnote 125:  125 An allowance for small windfall developm 2024 – 2030; although it is anticipated tha		
			housing target in earlier parts of the plan p been made across the plan period. See 201 4.2 Based on demographic factors, (reflect city's full (unconstrained) housing requirer period has been assessed at 15,800 new housing requirer 790new homes per annum). To meet in ful	oeriod. An allowance for sma 14 SHLAA. ing scenarios of population a nent, for both market and all omes to 2030. This would ed I the city's 'objectively asses	and household growth), the fordable housing, over the plan quate to an annual average of ssed housing need' (housing
				I the city's 'objectively asses	ssed housing need' (

Ref	Page	Policy/ Paragraph	Main Modification
			annum or 30,120 dwellings to 2030 <sup>127</sup> .
			Amend footnote 127:
			<sup>127</sup> Brighton & Hove City Council, Housing Requirements Study Update, GL Hearn, October 2012 Objectively Assessed Need for Housing: Brighton & Hove, June 2015, GL Hearn Limited.
			4.4 The City Plan housing target for a minimum of 11,300 13,200 new homes reflects the capacity and availability of land/sites in the city, the need to provide for a mix of homes to support the growth and maintenance of sustainable communities, the need to make provision in the city for other essential development (for employment, retail, health and education facilities, other community and leisure facilities) and the need to respect the historic, built and natural environment of the city.
			4.5 The fact that the city's housing delivery target does not match the objectively assessed full housing requirement means that there is a 'duty to cooperate' with the city's neighbouring local authorities. Brighton & Hove's strategic housing market and travel to work area extends westwards incorporating Adur District and parts of Worthing District; eastwards incorporating parts of Lewes and northwards to Mid Sussex, Horsham and Crawley. Many of these areas also face similar challenges in meeting housing requirements. Within Brighton & Hove, the council acknowledges that there is a significant housing shortfall* against the objectively assessed housing requirement of 30,120 dwellings to 2030. In accordance with government guidance, the council will therefore continue to engage constructively, actively and on an ongoing basis with neighbouring authorities and public bodies with regard to strategic planning matters including the provision for housing over sub-regional areas. This will include seeking commitment from neighbouring authorities to participate in further sub-regional work such as building upon the Local Strategic Statement for the Coastal West Sussex and Greater Brighton Area and the sub-regional work of the Greater Brighton Economic Board. This will allow long-term opportunities to be explored for meeting unmet housing needs and the identification of delivery mechanisms including local plan reviews.
			Insert footnote:
			# Equivalent to 16,920 units over the plan period to 2030.
			4.6 The spatial strategy for the city is set out earlier in this Plan (see Spatial Strategy, Section 2). In broad terms, the strategy seeks to direct a significant amount of new development to eight identified Development Areas (see Policies DA1-8) which either already benefit from close proximity to good

Ref	Page	Policy/ Paragraph	Main Modification
			sustainable transport links or are areas where accessibility can be improved; are areas which offer significant capacity for new development and are areas where new development and/or regeneration and renewal will secure substantial benefits for the city. The strategy for accommodating growth in the city continues to maximise development opportunities from brownfield sites within the built up area but it also acknowledges that some housing development will come forward from some of the city's urban fringe sites. This is reflected in Part B of Policy CP1.
			4.7 The eight Development Areas account for just over half (54%) 45% of the planned amount of new housing for the city. Within the Development Areas, the City Plan makes strategic allocations to secure the delivery of 3235 new dwellings (see spatial policies DA2 – DA8). In other parts of the city, there are also a significant range of opportunities for new residential development (through, for example conversions, redevelopment and changes of use) and such development will help to promote and secure the establishment of sustainable communities. Residential development will be required to respect the local character and distinctiveness of neighbourhoods (see also SA6, CP12 and CP14).  4.8 Over the last 15 years <sup>128</sup> the average rate of new housing development in Brighton & Hove has been around 550 540 dwellings per annum. More recently, annual rates of housing delivery have been far lower than this reflecting the engoing impacts of global economic recession <sup>129</sup> .
			Amend footnote 128:
			128 1997/8 - 2011/12, Residential completions data. 1999/00 - 2013/14 Residential Completions Data
			4.10 The city's housing target implies an annual average rate of 565 660 dwellings per annum over the plan period as a whole. Based on the 20124 SHLAA update, the housing trajectory demonstrates that housing delivery in the city has been well below this in the first four years of the plan period (2010-2014), reflecting the impacts of economic recession. The trajectory anticipates that housing delivery is likely to achieve at least this rate in the first ten years after plan adoption (2014 – 2024) will increase in the (post adoption) five year supply period 2014 – 2019 and looks likely to achieve the planned average delivery rate of 660 units per annum. In the following six to ten year supply period (2019 – 2024), housing delivery rates are anticipated to increase significantly with delivery coming through from a number of the city's larger strategic development sites. For the post 2024 period, the trajectory indicates that housing delivery is again likely to exceed the planned average





Ref	Page	Policy/ Paragraph	Main Modificati	Main Modification							
				able 4: Housing Delivery, Supply Breakdown 2010 – 2030 Based on <del>2012</del> <u>2014</u> SHLAA)							
			Spatial Area	Already Built or Committe d	Strategic Allocation s	Broad Location s / Source	Further Capacity Identifie d in SHLAA	Allowan ce For windfall	Total		
			DAs								
			DA1	13	0		7		20		
			DA2	855	1085		0		1940		
			DA3	<del>120</del> <u>126</u>	300		<del>390</del> 449		<del>850</del> 875		
			DA4	285 380	615		<del>285</del> <u>135</u>		1185 1130		
			DA5	9 10	335		135 170		470 515		
			DA6	<del>120</del> 90	200		310 235		<del>630</del> 525		
			DA7	0	700		0		700		
			DA8	<del>0</del> 52		<del>400</del> 248			<del>400</del> 300		
			DA Total	1390 1525	3235	400 250	<del>1130</del> 1000		6155 6005		
			Rest of City  a) Built  up  area  b) Urban	<del>1190</del> <u>1450</u>	400	<del>500</del> 390	1856 1890 1060		3945 4130		
			Fringe				1000		1000		

Ref	Page	Policy/ Paragraph	Main Modification	on						
			Small id. Sites	<del>650</del> <u>765</u>					<del>650</del> <u>765</u>	
			Small Windfall					<del>600</del> <u>1250</u>	<del>600</del> 1250	
			Total	<del>3230</del> 3740	3635	<del>900</del> 640	<del>2985</del> 3945	<del>600</del> 1250	1135 0 1321 0	
	4.13 Brighton & Hove is a tightly constrained city. In many instances, the boundaries of to Downs National Park are contiguous with the built up area of the city. As a consequence, (94%) (87%) of new residential development will take place on previously developed land brownfield sites. The Plan does however make a strategic allocation for the development Toad's Hole Valley to the north of the city which is a large greenfield site falling outside the National Park (See DA7). Development at this location will contribute a significant new housing development for the city and, as part of a mixed use comprehensive develop secure many other benefits for the city (see DA7). Part B of Policy CP1 also indicates that within the city's wider urban fringe will contribute to housing land supply. Sites will be tall for further consideration and detailed assessment as site allocations through Part 2 of the The 2014 Urban Fringe Assessment Study will be a material consideration in the determine applications for residential development on urban fringe sites that come forward prior to of Part 2 of the City Plan (see Policy SA4 Urban Fringe).						quence, t ped land lopment utside the nificant a develop tes that Il be take 2 of the letermina	he majority or of land at e boundaries mount of ment, will some sites en forward City Plan. ation of any		
			4.15 Government locations to be id In reality, small following plan period and vongoing five year reflected in the p	entified to med windfall' site d vill contribute supply requin	et planned how evelopment (a towards meeti ements. <u>The p</u>	using targets as described ng the plann potential supp	for at least tabove) will condition to be above to be	he first ten ome forwar equirement Il windfall si	years of d throug s for the ite devel	the plan <sup>133</sup> . hout the city and

Ref	Page	Policy/ Paragraph	Main Modification
			development from small windfall development activity will supplement housing supply achieved from identified sites and also provide a measure of contingency should there be an element of non-delivery from some of the large development sites. Given the NPPF requirements, a minimal allowance for development from this source has only been included as part of the city's projected land supply after 2024.
			Amend footnote 132:
			$^{132}$ Small site development <u>has</u> accounted for approximately $35\%$ of total residential development across the city over the last 10 years.
			4.16 The housing trajectory is based upon reasonable <u>and realistic</u> assumptions about the deliverability of housing over the plan period. The trajectory illustrates that the rate of housing delivery in the city is expected to increase over the first ten years of the plan period <del>(post adoption)</del> reflecting anticipated recovery in the economy and financial markets which has severely affected development rates in the early years of the plan period. The trajectory will be updated and reviewed on an annual basis to track delivery progress against planned housing requirements and the requirement to maintain a five year supply of housing land/sites. This will be reported through the council's annual Authority Monitoring Report. The council's Housing Implementation Strategy outlines how housing delivery will be managed over the plan period.
MM73	133, 136-	CP2	Include new criteria between CP2.5 and CP2.6:
	137		6. Recognise the importance of employment-generating non-B Class uses to the local economy. Appropriate allocations for non-B Class uses will be made through the City Plan Part 2.
			Amend paragraph 4.26:
			4.26 The city contains a number of major employment generators including the two universities and the Royal Sussex County Hospital and the council will work with the higher and further education sector, Sussex University Hospital NHS Trusts and NHS Brighton & Hove to support appropriate expansion (see DA3 Lewes Road Area, DA5 Eastern Road and Edward Street Area and CP18 Healthy City). Other non-traditional employment generators (non B-class uses) in the city include retail and leisure uses. Non-B Class uses are estimated to account for approximately 71% of all jobs in Brighton & Hove. This is expected to remain broadly consistent over the plan period to 2030. Development Area proposals, SA2 Central Brighton, CP4 Retail Provision and CP6 Culture and Tourism set out how the

Ref	Page	Policy/ Paragraph	Main Modification
		J. april	City Plan will address addresses retail, culture, leisure and tourism needs to 2030. Appropriate allocations for employment-generating non-B Class uses will be included in the City Plan part 2.
MM75	138- 139	CP3	3. Protection of the following primary industrial estates and business parks for business, manufacturing and warehouse (B1, B2 and B8) use: Centenary Industrial Estate English Close Industrial Area, Old Shoreham Road Home Farm Industrial Area Hove Technology Park, St Josephs Close, Old Shoreham Road Moulsecoomb & Fairways Industrial Estate Sussex House (including BT depot) Woodingdean Business Park Hyde Business Park, Bevendean Bell Tower Industrial Estate Hollingbury Industrial Estate Hollingdean Industrial Estate Victoria Road Industrial Estate Newtown Road Industrial Estate The council will support proposals for the upgrade and refurbishment of these estates and premises so that they meet modern standards required by business, are more resource efficient and improve the environment or townscape of the site or premise.
			Sui generis uses, including waste management facilities, appropriate in nature to an industrial estate location will also be acceptable, provided that they generate employment which is quantitatively and qualitatively comparable to uses within B1- B2 B8 Use Classes do not harm the continuation of existing uses within those Classes and comply with other City Plan policies and for waste management facilities the Waste and Minerals Plan.
			4. In order to secure good quality modern, flexible employment floorspace the council will allow employment-led (residential and employment) mixed use development on the following employment sites:  Franklin Road Industrial Estate

Ref	Page	Policy/	Main Modification
MM76	140- 143	4.30 – 4.36	School Road, Hove Melbourne Street Industrial Area Portland Road Trading Estate (including EDF and Martello House) Land North of Newtown Road There should be no net loss in employment floorspace- unless this can be justified. Paragraph 4.36 sets out the factors that will be taken into consideration.  5. Loss of Unallocated sites or premises in, or whose last use was, employment use (Use Classes B1-B8) will not be released to other uses unless only be permitted where the site or premises it can be demonstrated to be beth redundant and incapable of meeting the needs of modern alternative employment uses (Use Classes B1-B8). Where release loss is permitted the preference priority for re-use will be for alternative employment generating uses or affordable housing (in accordance with CP20 Affordable Housing).  Insert new footnote: # Employment ceneration as compared with average employment densities as set out in Table 3 of the HCA/Offpat Employment Densities Guide, 2010 or subsequent updates.  4.30 This will be informed by the preparation of an effice delivery trajectory settling out a realistic pipeline of supply of The Employment Land Supply Trajectory 2013 indicates the potential delivery of new employment floorspace employment sites over the short, medium and long-term  4.31 In light of the Employment Land Study Review 2012 identifying a qualitative and quantitative need for additional employment land over the plan period it is important that the strategic allocations set out in the Development Areas bring forward high quality employment floorspace as indicated in Table 5 to meet the council's priorities regarding high quality job creation and to support its growth potential over the next 20 years, with apprepriate flexibility. It is important that the strategic allocations set out in the Development Areas bring forward high quality employment floorspace. The Employment Land Supply Trajectory indicates the need for close monitoring of the office developments identified to come forward in 2014-2019 to ens
			1. There is demonstrable benefit for early redevelopment and clear commercial and financial

Ref	Page	Policy/	Main Modification
		Paragraph	
			<ul> <li>viability evidence that the figures in Table 5 are unlikely to be delivered within the next 5 years;</li> <li>2. Allowing a different scale or mix of development will secure particularly strong planning benefits;</li> <li>3. It is appropriate in light of ongoing monitoring of delivery of new employment floorspace against the 2013 Employment Land Supply Trajectory and subsequent updates. regarding the delivery of the overall employment forecast targets and of economic growth.</li> <li>To ensure that this is assessed on a consistent basis a delivery trajectory for employment sites will be prepared to inform the implementation of the policy.</li> </ul>
			4.34 These industrial estates/ premises are also considered suitable for certain "sui generis" uses, that is, those with industrial characteristics which are not included within the Use Classes Order. For example, car breaking, or metal recycling which could potentially harm residential amenity are thus likely to be considered most suited to an industrial estate. With modern design and operation techniques, waste management facilities can increasingly be accommodated in general industrial areas as a B2 use*.
			Insert new footnote:
			# See Policy WMP 7 of the Waste and Minerals Plan for East Sussex, South Downs and Brighton & Hove, adopted February 2013
			4.36 In considering proposals where a net loss of employment floorspace is being proposed the council will take into consideration the following factors:
			- Site constraints (current site coverage and opportunities for more effective and efficient use of the site)
			- The need for environmental and townscape improvements
			- Access arrangements (improved access/circulation space).
			<ul> <li>Safeguarding the amenity of surrounding users and occupiers</li> <li>The quality of the employment offer in terms of the type of employment and density of jobs.</li> <li><u>Viability</u></li> </ul>
MM77	143	4.40	4.40 Alternative employment generating uses are any uses that generate employment but are not classified as an employment use (uses falling outside the Use Class B1- B8) including educational teaching space and health facilities. This excludes retail or leisure uses unless they comply with the tests of national planning policy.

Ref	Page	Policy/ Paragraph	Main Modification					
MM78	144	CP4	Brighton & Hove's hierarchy of shopping centres will be maintained and enhanced by encouraging a range of facilities and uses, consistent with the scale and function of th centre, to meet people's day-to-day needs, whilst preserving the predominance of A1 classes:					
			Centre Definition	Defined Centres	Linked Policies			
			Regional Centre	Brighton	DA1, SA2			
			Town Centres	Hove				
				London Road	DA4			
			District Centres	St James's Street				
				Lewes Road	DA3			
				Boundary Road/Station Road	DAB			
				Brighton Marina	<del>DA2</del>			
		CP4	Local Centres	Mill Lane, Portslade Portland Road, Hove 'The Grenadier', Hangleton Road Richardson Road, Hove Eldred Avenue, Withdean Old London Road, Patcham Ladies Mile Road, Patcham Seven Dials Fiveways Hollingbury Place, Hollingdean Beaconsfield Road, Preston Park St George's Road, Kemptown Warren Way, Woodingdean Whitehawk Road, Whitehawk High Street, Rottingdean Lustrell's Vale, Saltdean Longridge Avenue,	SA6 (all centres)			
MM79	145	CP4		e required to complete an impact and impact	issessment at a local	ly set threshold		
MM81	146	4.44		Hove Retail Study Update (2011) <sup>160</sup> h	as reviewed the vitality	and viability of ea		
	1 70	1.77		res. The Study does not recommend the				

Ref	Page	Policy/ Paragraph	Main Modification						
			Council's preferred a enhance the choice a activity and improve uses at this location	pproach for Brighton Ma and performance of reta ments to the public real using site specific policy	the District Centre designation for Brighton Marina should be removed. The proach for Brighton Marina is to maintain its designation as a District Centre and performance of retail activity through the encouragement of mixed retailments to the public realm, and to continue to address the development and future sing site specific policy DA2. A detailed policy regarding the appropriate type and uses in the Marina will be set out in Part 2 of the City Plan.				
MM84	157	4.73	Insert into supportin	g text 4.73 after 2 <sup>nd</sup> sei	ntence:				
			including water, was	tewater infrastructure a	e needs of new development. The timely connection to provision of utilities ewater infrastructure and sewerage systems will be required by developer's ervice/utility providers. Priorities will also derive				
MM85	160 - 165	CP8	features to avoid e the One Planet app emissions, and mit Unless it can be de the scheme unviab 1. All development equivalent standar legislation;	uildings  quire seek that all new development to-incorporate sustainable design xpansion of the city's ecological footprint, help deliver the principles of broach, radical reductions in greenhouse gas emissions, particularly CO2 igate against and adapt to climate change.  monstrated that doing so is not technically feasible and/or would make					rinciples of icularly CO2 would make ut below <del>or</del>
			Delete table:  Development size						1
				2013-2016 Post 2016 Post 2019					
			NEW BUILD	Non-major Major Greenfield All All					
			Residential Code for Sustainable Homes	Level 4	Level 5				

Ref	Page	Policy/ Paragraph	Main Modification						
			Non-residential BREEAM	<del>Very Good</del>	Excellent	Outstanding			
			Residential	Non-m	Non-major (3-9 units) and Major  BREEAM Very good				
			Insert new table:		BRELAW Very good				
			Residential (New	Build)	ild)				
			Energy Performance	19% carbo	19% carbon reduction improvement against Part L 2013 <sup>1</sup>				
			Water Performance	Water	Water efficiency 'optional' standard <sup>2</sup>				
			Non-residential		<u>Development size</u>				
				Non-major	Major and Gree	<u>enfield</u>			
			BREEAM	Very Good	Very Good Excellent				
			Standards may be u	odated in other DPD documents and/or a review of this policy.					
				nt proposals including conversions, extensions and changes of use are expected to demonstrate how the development:					
			<ul><li>a. addresses clima</li><li>b. contributes to a</li></ul>		and adaptation; 's current level of greenho	ouse gas emissions by			

Ref	Page	Policy/	Main Modification
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Ret	Page	_	delivering significant reductions in fuel use and greenhouse gas emissions via: passive design and orientation; fabric performance; energy efficiency measures; and low carbon solutions;  c. incorporates facilitates on-site low or zero carbon technologies, in particular renewable energy technologies³;  d. connects, makes contributions to low and zero carbon energy schemes and/or incorporates provision to enable future connection to existing or potential decentralised energy schemes;  d. aspires towards water neutrality⁴ by meeting high water efficiency standards and incorporating facilities to recycle, harvest and conserve water resources;  e. improves the sustainability of existing buildings, makes the most effective use of land and re-uses existing buildings;  f. protects occupant health and the wider environment by making the best use of site orientation, building form, layout, landscaping and materials to maximise natural light and heat, whilst avoiding internal overheating by providing passive cooling and ventilation;  reduces 'heat island effect' <sup>5</sup> and surface water run-off;  h. uses materials that are sustainable and have low embodied carbon <sup>6</sup> :  i. enhances biodiversity;  j. minimises waste and facilitates recycling, composting and re-use;  k. reduces air_land and water pollution and safeguards water supplies if development is within groundwater Source Protection Zones;  l. maximises operational efficiency through ongoing evaluation, monitoring and improvement of building performance especially in relation to energy and water use;  m. introduces means to encourage users, tenants and householders to reduce their ecological footprint;  n. is adaptable to respond to changing needs; and  encourages food growing.  When onsite sustainability standards eannot be met mitigation measures may be sought, including those in accordance with Policy CP7 Infrastructure and Developer Contributions
			and Allowable Solutions <sup>7</sup> or a local offset mechanism using this approach.  Technical guidance and clarification will be produced to help planning applicants meet the
			requirements of address this policy.

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			The Sustainability Checklist and the Authority Monitoring Report (AMR) will be used to assess planning applications, and monitor the effectiveness of the policy and inform the council of revised standards over the plan period.			
			Supporting text			
			4.76 The way in which buildings are designed, constructed, operated and decommissioned have significant impacts on the built and natural environment and require major resource inputs such as energy, water and materials. Designing and constructing buildings that help to reduce or avoid adverse impacts can reduce not only resource inputs and the city's ecological footprint but also costs for developers and occupants. As such, raising encouraging high standards of sustainable building design and construction in new and existing buildings is an essential part of the City Plan's response to the challenges of climate change, natural resource depletion, energy security, habitat loss, and wider environmental issues.			
			4.77 Brighton & Hove is particularly vulnerable to the impacts of present and future climate change. Opportunities for growth and expansion are constrained by the South Downs to the north of the city and the sea to the south. The city also contains a high proportion of protected and/or old buildings <sup>8</sup> . Within this context, the need to secure improvement in the environmental performance of the existing stock as well as more resource efficient and low carbon neutral development whilst delivering homes and jobs through development is challenging. The combination of standards with provisions for viability assessments will help address this challenge. This will provide the flexibility needed to ensure the right balance between the economic, environmental and social objectives of the City Plan. The standards set out in this policy are commensurate with the scope of this challenge. Energy, water and waste have been identified as key resource issues of particular concern in relation to growth in the city <sup>9</sup> .			
			4.78 The City Plan reflects the council's and the city's commitment towards achieving excellence in sustainable building design and pioneering the delivery of zero carbon development in particular. The purpose of this policy is to ensure development in Brighton & Hove fulfils this commitment whilst helping deliver European, national and Sustainable Community Strategy targets <sup>10</sup> . As such, all development will be encouraged is expected to contribute to the City Plan's vision for energy, water and waste neutral, high-standard, cost-effective, resource-efficient future and the development of a			

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		i aragrapii	low carbon economy for the city.
			4.79 The council's approach to deliver <u>low</u> carbon neutral growth is through highly energy efficient buildings which incorporates low and zero carbon (LZC) energy generation on site <sup>11</sup> and connections to existing or planned local energy infrastructure. Energy efficient design is an essential element of the excellence in design envisioned in the City Plan being the most cost-effective, efficient way of reducing carbon emissions from buildings (focusing on building fabric, orientation, layout, insulation, natural light, solar gains and shading, and passive ventilation). Once the demand for energy has been reduced to a minimum in a building the next step is to supply energy efficiently via renewable and low carbon energy and connection to decentralised heat and energy networks <sup>12</sup> .
			4.80. A Renewable and Sustainable Energy Study has been undertaken for Brighton & Hove assessing opportunities for carbon reduction in the city. The study informs planning policies around low and zero carbon energy particularly for Development Plan and Supplementary Planning Documents. <u>Any wind turbine proposals will be considered against the Written Ministerial Statement (HCWS42) published on the 18<sup>th</sup> June 2015 or the latest government guidance thereafter.</u>
			4.81. The Study recognises that to deliver significant carbon savings during the Plan period emissions associated with the existing building stock must be addressed in addition to setting standards for new development. A combination of approaches will be required. This includes: retrofit improvements to the existing building stock; supplying low carbon decentralised energy solutions such as district heating; and installing renewable energy technologies.
			4.82. The Study explores opportunities for district heating in the city and identifies areas with enhanced potential to implement district heating solutions and decentralised energy schemes. Where appropriate new development and retrofit projects will be required to connect to and/or make contributions to low or zero carbon energy schemes and/or to incorporate provision to enable future connection to any existing / potential decentralized energy schemes <sup>13</sup> . The energy study also provides an energy opportunities map which identifies particular areas of opportunity for different low and zero carbon technologies.
			4.83 The Building Research Establishment Environmental Assessment Method (BREEAM) and the Code for Sustainable Homes (CSH) are is a widely recognised, accredited, independent methods for assessing environmental performance of non-residential and residential buildings, respectively. These tools will be used to support policy decision making because they cover a wide range of sustainability

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		i aragrapii	issues within a simplified score that provides f	lexibility for developers in meeting standards set in this	 <del>3</del>			
			policy. Successors to these tools and/or Until superseded by nationally prescribed standards, the					
				BREEAM standards for non-residential buildings will be required. eEquivalent standards for non-				
			residential buildings by nationally recognised (	certification bodies may also be accepted <sup>14</sup> .				
			4.84 An assessment of the energy demand an	d carbon dioxide emissions will be expected from all	ļ			
				which should demonstrate the expected energy and				
				efficiency and renewable energy measures incorporated	k			
				CHP/CCHP and community heating systems. The				
			<ul><li>assessment should include:</li><li>calculation of baseline energy demand a</li></ul>	nd carbon diavida amissians:				
			• compliance against Part L of the Building					
			cooling and electrical power;	<ul> <li>proposals for the reduction of energy demand and carbon dioxide emissions from heating, cooling and electrical power:</li> </ul>				
			<ul> <li>proposals for meeting residual energy demands through sustainable energy measures; and</li> </ul>					
			<ul> <li>calculation of the remaining energy dem</li> </ul>	and and carbon dioxide emissions.				
			4.85 The National Home Energy Rating (NHER), Standard Assessment Procedure (SAP), Energy Performance Certificates (EPC) and Simplified Building Energy Model (SBEM) and other recognised, certified energy and carbon assessment procedures will be used to assess building performance and quantify emissions.					
				ces of development that are expected to come forward set policy for all development, standards are set Table 7 below.				
			Table 7 - Definition of Development Size					
			Development size Definition					
			Non-major 1-9 residential units; rRetail 151-					
			New Non-residential and/or mixed use; 999 sq m; or other development					
			residential extensions, conversions and	236 sq m – 1000 sqm <del>.</del>				
			changes of use; retail and other					
			development					
			Major 10 or more residential units; other					

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		Paragraph	from economies of scale and easier, cheaper we features can be designed in. A growing number Hove have demonstrated the viability of such for developers, criteria for considering instance as well and opportunities and mechanisms for feasibility and/or viability the council will consiviability and the delivery of additional benefits be met. In order to provide options and help produce guidance identifying, amore carbon compensation and opportunities for return backstop standards for instances where targets these issues, the council will expect developers where issues, the council will expect developers these issues, the council will expect developers with the challenge to reduce the ecological for council and planning applicants to identify opportunities for reduce the ecological for council and planning applicants to identify opportunities for reduce the ecological for council and planning applicants to identify opportunities for reduce the ecological for council and planning applicants to identify opportunities for reduce the ecological for council and planning applicants to identify opportunities for reduce the ecological for council and planning applicants to identify opportunities for return these issues, the council will expect developers.  4.88 The challenge to reduce the ecological for council and planning applicants to identify opportunities for return these issues, the council will expect developers.	otprint of the city means that there is a need to for the ortunities for improving standards in retrofitting the ed which lower the environmental impact from the nt of buildings, reducing carbon dioxide emissions and y, reducing waste and noise impacts, and conserving central to the delivery of sustainable buildings in ustainability that are integral to sustainable design and eter part of the policy. Developments will, where sustainability has been addressed by submitting a Statement and other relevant information may also be	

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			Modify footnotes:
			<sup>1</sup> This standard is equivalent to Code for Sustainable Homes level 4 in energy use. See paragraph 4.84-4.86 for guidance on demonstrating this standard.
			<sup>2</sup> The 'optional' enhanced national standard is defined within the 2015 Approved Document G, Building Regulations 'Sanitation, hot water safety and water efficiency' March 2015, page 15, G2(3). At 2015 this is defined as consumption 110 litres per person per day to be demonstrated http://www.planningportal.gov.uk/uploads/br/BR_PDF_AD_G_2015.pdf
			<sup>3</sup> Zero Carbon Ttechnologies are those that harness renewable non fossil fuel energy to create heat or generate electricity, i.e. sun, wind, and water. They are called zero carbon because they produce no carbon dioxide (CO2) emissions when producing heat or power. These are also referred to as 'renewable' energy sources (solar thermal, photovoltaic's, wind turbines, hydropower and combined heat and power using renewable fuels such as biomass, biodiesel or renewable gas). These
			technologies are sometimes referred to as micro generation, producing heat or energy locally on a small scale. <u>Low carbon</u> technologies are those that use fossil fuels in a highly efficient way.
			<sup>4</sup> SEERA's 'Sustainability Appraisal Sounding Board' See Environment Agency 'Water Neutrality; An improved and expanded water resource management definition'. Wwater neutrality is where 'for every new development, total water use after the development [is] equal to or less than total water use before the development'.
			<sup>5</sup> On hot days urban areas can have temperatures 20 to 60% higher than the surrounding countryside. This is due to a phenomenon called the urban heat island effect that causes air temperatures in large cities to be warmer than in neighbouring suburbs and rural areas. Warmer air temperatures can impact on air quality, public health and the demand for energy. Heat island effect can be mitigated by the greening of buildings via for instance green roofs, green walls and tree planting. <sup>6</sup> These include materials that are produced locally where possible, procuring materials sustainably and ethically, and seeking to
			avoid materials which are polluting or with high embodied carbon and energy inputs; <sup>7</sup> -These are part of the measures supporting the Government's 2016 Building Regulations target. Allowable Solutions present mitigation measures for carbon that will be emitted from development and cannot be addressed on site by fabric performance,
			energy efficiency or renewables. Allowable Solutions introduce an option for financial payment towards mitigating carbon emissions not addressed on site.
			8 17.4% of the city's built up area is within conservation areas. The proportion of stock built before 1919 and during the interwar period is 43.4% for England and 65.7% for Brighton & Hove (Brighton and East Sussex Together House Condition Surveys – Overview Report October 2008).
			<sup>9</sup> The latest data (2009) indicates that activities in Brighton & Hove emit about 1,230 kilo tonnes (1.2m tonnes) million tonnes of CO2 every year, with the domestic sector alone accounting for 42% of total direct emissions (mostly from energy use), significantly higher than 31% regionally and 30% nationally. The city is within a 'highly water stressed' region (Environment Agency) with above regional average per capita consumption (South East average 150-160 litres per person per day (I/p/d); Brighton & Hove's is 169 I/p/d – Audit Commission). At present, the bulk of Brighton & Hove's untreated waste is disposed to length. The adopted Fact Sussey South Downs and Brighton & Hove Waste and Minerals Blan identifies a peed for additional.
			landfill. The adopted East Sussex, South Downs and Brighton & Hove Waste and Minerals Plan identifies a need for additional waste recycling and recovery capacity to support further increases in the diversion of waste from landfill.  The Brighton & Hove Sustainable Community Strategy commits to reducing the city's carbon emissions by 42% by 2020 and
			by 80% by 2050 from the 2005 baseline of 5.7 tonnes per person reflecting the national commitment via the Climate Change Act. It also commits to: 'from a starting point of no increase in 2012/13 on the 2006 per capita City Ecological Footprint baseline of 5.72 global hectares (gha) per person, achieve a reduction to: 2.5 gha per person by 2020; and 1.25 gha per person by 2050'. Commitment to delivering these targets are further detailed in the city's Climate Change Strategy.  11 Zero carbon technologies harness non fossil fuel energy to create heat and generate electricity (e.g. wind, sun and water).
			Low carbon technologies names non lossification described and generate electricity (e.g. wind, sun and water).  Low carbon technologies use grid electricity or mains gas to generate heat or power more efficiently or use fuels that have small CO2 footprint (e.g. biofuel).

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			<ul> <li>12 Decentralised energy generation is a series of local systems generating heat and power, at or near the point of use, connected to local distribution networks.</li> <li>13 See Brighton &amp; Hove Renewable and Sustainable Energy Study. This includes maps identifying opportunities for renewables and priority areas with enhanced potential for district heat networks.</li> <li>14 Such as Passivhaus or AECB standards.</li> <li>15 See Homes and Communities Agency's Carbon Challenge website.</li> <li>16 A number of high standard developments have already been achieved under the 2005 adopted Local Plan policy SU2.</li> </ul>
MM90	166	CP9	A. 2. c. Ensuring that all new, major development schemes submit a Transport Assessment to identify the likely effects of the demand for travel they create and include measures to mitigate their impacts by reducing car use, implementing agreed travel plans and making appropriate contributions towards sustainable transport measures (see CP7 Infrastructure and Developer Contributions).
MM91	167	CP9	<ul> <li>B. 1. Bus, Coaches and Taxis</li> <li>Implement strategic bus network investment including priority lanes on key routes into and across the city. Priority routes are: <ul> <li>Lewes Road (A270)</li> <li>Edward Street and Eastern Road</li> <li>A259 Seafront serving Brighton Marina, Brighton Centre &amp; Churchill Square and Shoreham Harbour Development areas.</li> <li>London Road</li> <li>Valley Gardens</li> </ul> </li> </ul>
MM92	168	CP9	B. 4. Walking and Cycling Improve the public realm in key areas, and the routes leading to them, to encourage and enable walking (including wheelchair access) and cycling. Measures will be undertaken in a number of areas including the following:  • Valley Gardens  • Brighton Station Gateway, Queens Road and West Street  • Lewes Road  • London Road  • Edward Street and Eastern Road  • Old Shoreham Road  • A259 Seafront  • Seven Dials

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		Taragraph	<ul> <li>Hove Station</li> <li>Pool Valley</li> <li>Local shopping areas</li> </ul>
MM93	168	CP9	B. 6. Parking Co-ordinate the provision of parking and traffic management measures across the city through an integrated approach to car parking charges, car park improvements (including signing and information), controlled parking zones and ensure that the capacity of public car parks used by the public are is not increased in central areas.
MM119	175	4.126	4.126 In terms of new development, it will be a priority to review and prepare an up to date Supplementary Planning Document (SPD) setting out parking and servicing standards for new development. Car parking standards will be based on maximum standards, and cycle and disabled driver parking will be minimum standards accord with the NPPF and the SPD will also include standards for cycle, disabled driver and motorcycle parking. Consideration will also need to be given to the level of provision of motorcycle parking. Standards and requirements for meeting the needs for new technologies including electric vehicle charging points and opportunities for 'car free' housing proposals will also be addressed in the SPD.
MM120	185- 186	4.150	4.150 With regard to adaptability, the government has introduced national technical standards related to accessibility, adaptability and wheelchair standards. Through the City Plan Part 2 the council will provide evidence and seek to introduce a policy to provide enhanced accessibility or adaptability#. this policy requires that new development should comply with Lifetime Homes206 standards. Further guidance is set out in the Council's Accessible Housing and Lifetime Homes Planning Advice Note.  Amend Footnote 206:  #Housing built to standards to cater for various lifestyle stages, e.g. wider corridors to cater for pushchairs and wheelchairs, scope for adaptions for disability need, needs of the elderly etc. Optional, enhanced accessibility requirements are set out in Part M of the Building Regulations.
MM99	194	CP16	Planning permission resulting in the loss of open space, including the beach, will not be granted unlesswill only be granted where:   Delete d):  d) The site is physically incapable of meeting the city's wider open space needs; is not part

Ref	Page	Policy/ Paragraph	Main Modification
			of the beach or a playing field (current or historical) and, in accordance with the Open Space Study Update 2011, is of a poor quality (current and potential) and there is an identified surplus (current and future) in all types of open space within the locality (ward and sub area). In order to test the importance of the site to the local community the site must be actively marketed at a price that reflects its use, condition and local market prices for at least a year with no success before alternative proposals can be considered.
			<ul> <li>Replace with:</li> <li>d) The site is:</li> <li>physically incapable of meeting the city's wider open space needs;</li> <li>is not part of the beach or a playing field (current or historical) and,</li> <li>in accordance with the Open Space Study Update 2011 (or subsequent approved revisions), is of a poor quality without potential for improvement (current and potential) and there is an identified surplus (current and future) in all types of open space within the locality (ward and sub area). In order to test the importance of the site to the local community the site must be actively marketed at a price that reflects its use, condition and local market prices for at least a year with no success before alternative proposals can be considered.</li> </ul>
			Add at the end of section 1:  e) The 2014 Urban Fringe Assessment will be a material consideration in the determination of applications for residential development in the urban fringe prior to the adoption of Part 2 of the City Plan.
MM101	196- 197	4.174 – 4.175	4.174 Due to the city's housing requirements a review of the capacity and need for open space was required and the findings of the Open Space, Sport and Recreation Study 2008 were further assessed through the Open Space Study Update 2011. The Update Study endorsed the local open space standards and the approach taken in the 2008 study. It devised a scoring system to assess open space which was applied to private open spaces and used to inform the 2010 Strategic Housing Land Availability Assessment. However the factors that produce a low open space offer (a combined assessment of 'quantity', 'accessibility' and 'quality' including potential) also limit a site's suitability for housing and no additional open space sites were identified <a href="https://doi.org/10.1008/nn.nd/">https://doi.org/10.1008/nn.nd/</a> as suitable for housing.

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			However through the 2014 Urban Fringe Site Assessment Study some open spaces within the city's urban fringe have been identified as having potential to help meet the city's housing requirements (see Policies SA4 and CP1). Unlike other urban open spaces the loss of these sites can more readily be mitigated through the provision of new publically accessible space, enhancements to existing space or by alternative provision within the National Park and/ or compensated for by the National Park's open space offer.
			4.175 When the open space standards are applied, a significant increase in open space will be required by 2030 (an additional 237 293 hectares should be ereated provided when ONS population projections are applied, which however is reduced to 202 hectares when the City Plan housing target of 13,200 is taken into account the generated demand equates to approximately 167 hectares <sup>214</sup> ). It is therefore important new developments seek to provide the open space requirements generated respectively. However due to the city's physical constraints, between the sea and the South Downs National Park, it is recognised that the future open space requirements are unlikely to be met in full. To compensate, more intensive use of existing open space will be needed in an attempt to maintain current quality of life including the opening up of school grounds to the community/public and an expectation that owners should endeavour to enable better open space use of under-used private spaces. There will also be a need to better connect green spaces together to improve accessibility and to improve access for quiet recreation to the South Downs National Park.
			Amend footnote 214:  214 ONS stands for Office for National Statistics. The 2030 population figure applied is 310,900 based on ONS 2012-based Subnational Population Projections. The indicative generated demand of 13,200 residential units is calculated using the council's excel open space standards calculator and by assuming an average unit size of 2 bedrooms. The difference between the two figures is considered to be due to the accumulative quantitative shortfall in open space arising since the base year of 2006 and also the potential of the housing target to restrict growth in population. These figures apply a population figure of 302,806 and 294,072 respectively which are based on information in the ONS 2010 based Sub National Population Projections March 2012 and 2011 based interim projections covering 2011-2012 (published Sept 2012) — Initial release of 2011 Census Data. The population figures are detailed and explained further in the Housing Requirements Study (Update of 2011 HRS Study).
MM102	200- 201	CP17	Planning permission resulting in the loss of indoor and outdoor sports facilities and spaces will not be granted except where:  Amend penultimate part to section 2:
			In respect of outdoor sports facilities and spaces sports open space:

Ref	Page	Policy/	Main Modification					
		Paragraph	The land has been marketed as detailed above and the proposal complies with the Open Space policy (CP16).					
			Add at the end of section 2:					
			The 2014 Urban Fringe Assessment will be a material consideration in the determination of applications for residential development in the urban fringe prior to the adoption of Part 2 of the City Plan.					
			5. Require new development to contribute to the provision and improvement of the quality, quantity and accessibility of sports services, facilities and spaces to meet the needs it generates in accordance with the local standards set out below (or subsequent approved revisions and/or approved assessments/strategies) (See also CP7 Infrastructure and Developer Contributions).					
			Standard for Indoor and Outdoor	Sports Facilities				
			Indoor Sports					
			Quantity (indoor sport)					
			Modelling undertaken in line with Sport England parameters.	The Open Space, Sport and Recreation Study recommends the council should				
			Standards to comply with national	aim to provide a new multi-sports				
			best practice.	wet/dryside leisure centre (in addition to				
			the replacement of provision currently					
			provided for the King Alfred Leisure					
			Centre) and indicates a further potential need for additional pool space and					
				indoor sports halls. The study also				
				indicates a demand for an indoor arena				
				and ice rink (See also the Sports Facility				

Ref	Page	Policy/	Main Modification					
		Paragraph			DI C C II			
			A !!- !!!!	Plan for further recommendations).				
			Accessibility (inc					
				ndards to comply with national best practice.				
				ality (indoor sport)				
				facilities should be built or provided in accordance with national best practice				
				tdoor Sports				
			Quantity (outdoo		Τ	T		
			Current	Current Provision	Proposed	Additional Space		
			Provision	vision (Ha/1,000 pop) Standard required by (Ha/1,000 pop) 2030 <sup>215</sup>				
			Approx 118.5 Hectares	Approx 118.5 0.47 0.47 Approx <del>20 to 23</del>				
			Accessibility (ou	Accessibility (outdoor sport)				
			20 minute walk tir	ne (960 metres)				
			Quality (outdoor					
				ports facilities should l		•		
				naintained surfaces. A				
			toilets, changing fa and sports lighting	acilities, dog waste bir J.	s and litter bins and	appropriate amenity		
			Standard for Ind	loor and Outdoor Sp	orts Facilities			
				eet the minimum speci	• •	•		
			Governing Body of	f sport and meet Equa	ity Act 2010 guidanc	ce.		
			Amend footnote 21	5:				
			<sup>15</sup> Applying a 2030 population figure of 310,900, based on ONS 2012-based Subnational Population Projections, an additional 27.6 hectares of outdoor sport space will be required. However, when the indicative generated demand of the City Plan's housing target of 13,200 residential units is calculated (using the council's excel open space standards calculator and by assuming an average unit size of 2 bedrooms) an additional 15.5 hectares is required. The difference between the two figures is considered to be due to the accumulative quantitative shortfall in outdoor sport arising since the base year of 2006 and also the potential of the housing target to restrict growth in population. ONS stands for Office for National Statistics. Based on information in the Office for National Statistics 2010 based Sub National Population Projections March 2012 and 2011 based interim projections covering 2011-2012 (published Sept 2012) initial release of 2011 Census Data. Applying the respective 2030 projection figure of 299,777 an additional 22.9 hectares will be required however on the assumption that the City Plan					
						<del>I however on the assumptior</del> ce the additional outdoor sp		

Ref	Page	Policy/ Paragraph	Main Modification	
			19.66 hectares. The population figures are detailed and explained further in the Housing Requirements Study (Update of 2011 HRS Study).	
MM105	207	4.197	Add after last sentence of 4.197:	
			Poor air quality can cause serious health problems and reduces the quality of life and life expectancy.  Development proposals will be expected to protect and improve local air quality and should be appropriately and sensitively designed to mitigate negative impacts on air quality.	
MM106	209, 210	CP19	Add new criterion a. iii) to the policy:	
			iii) Seek to apply the requirements of the nationally described space standard in Part 2 of the plan to secure the quality and sustainability in new residential development.	
			Insert new penultimate sentence within paragraph 4.202:	
			4.202 and the need for developments to be inclusive, adaptable and accessible is addressed in CP12 Urban Design. Part 2 of the plan will, subject to evidence of need and impact on viability, include a development management policy relating to requiring the nationally described space standard. This policy and those	
MM107	217, 218	CP21	i) Purpose Built Student Accommodation	
	210		A. 6. Schemes should <u>demonstrate that they</u> have <u>entered into a formal agreement with</u> the <del>support of</del> one of the city's two Universities or other existing educational establishments within Brighton & Hove.	
			A. 7. Permanent purpose built student Accommodation will not be supported on sites allocated for housing or with either an extant planning permission for residential development or sites identified as potential housing sites.	
			ii) Houses in Multiple Occupation (HMO's)	
			In order to support mixed and balanced communities and to ensure that a range of housing needs continue to be accommodated throughout the city, applications for <a href="mailto:new build HMO">new build HMO</a> , and applications for the change of use to a Class C4 (Houses in multiple occupation) use, a mixed C3/C4 use or to a sui generis House in Multiple Occupation use (more than six people	

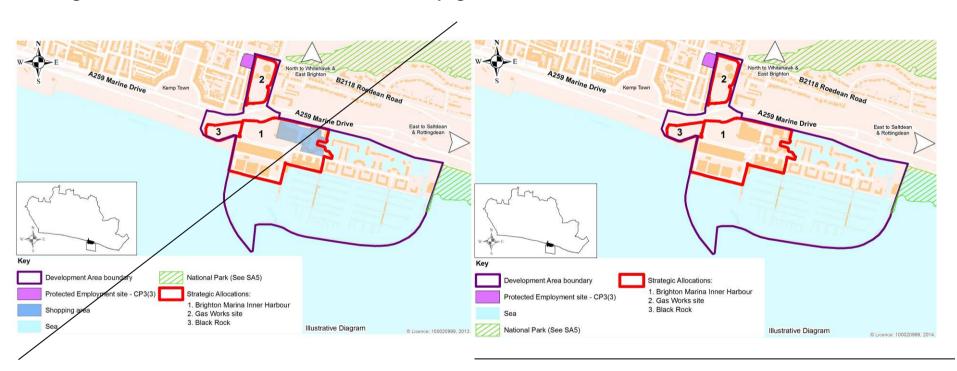
Ref Page Policy/ Main Modification Paragraph		_	Main Modification
			<ul> <li>sharing) will not be permitted where:</li> <li>More than 10 per cent of dwellings within a radius of 50 metres of the application site are already in use as Class C4, mixed C3/C4 or other types of HMO in a sui generis use.</li> </ul>
MM109	220	4.234	4.234 In assessing planning applications for new Houses in Multiple Occupation, a circle with a radius of 50 metres will be drawn from the centre point of the application site's highway frontage front curtilage boundary. Residential properties
MM112	233	Appendix 2 Key Diagram	Full diagram shown at Appendix 1 below. (See PM046 for additional changes to Key Diagram.)  Amend headings:  Local Development Framework Core Strategy City Plan Part One Key Diagram  Amend key:  Shopping centres (CP15 CP4)
MM113		Annex 1 – Implement ation and Monitoring Plan	Full Annex shown with amendments in Appendix 2 (separate document).
MM114		Annex 2 – Infrastructu re Delivery Plan	Amendments made to Annexe 2 in Appendix 3 (separate document).
MM115		Annex 2 – Infrastructu re Delivery Plan	Addendum made to Annex 2 in Appendix 3 (separate document).
MM116		Annex 3 – Housing	Full Annex, dated December 2015, shown with amendments in Document BP/074.

Ref	Page	Policy/	Main Modification	
		Paragraph		
		Implement		
		ation		
		Strategy		
MM117			Add Document BP/073 as Annex 4 to the City Plan and add Annex 4 to the list of Annexes on page 2	
			of the Plan.	

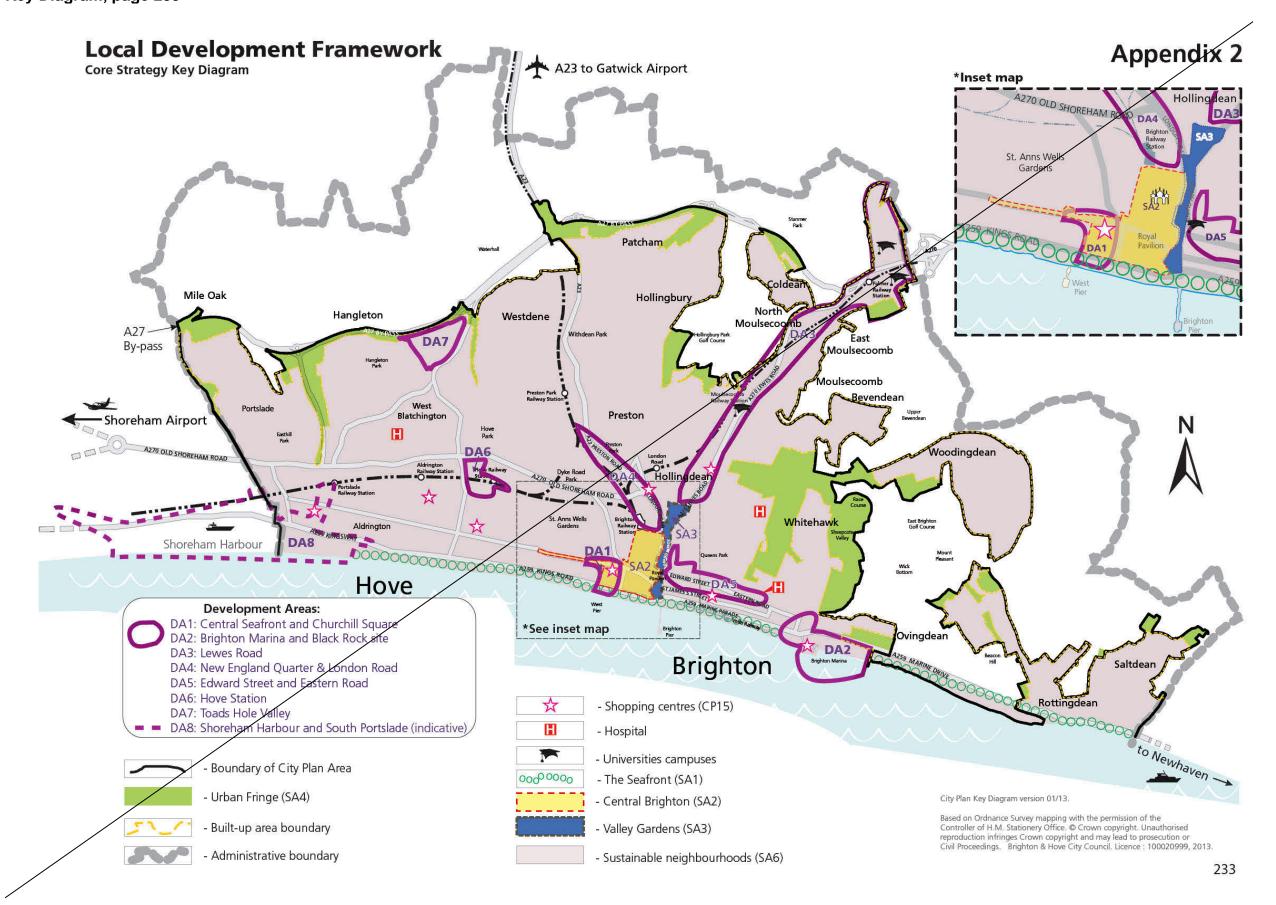
## Appendix 1 – Amendments to Maps

See PM018, PM046, PM112 for details of proposed modifications.

## DA2 Brighton Marina, Gas Works and Black Rock Area, page 38

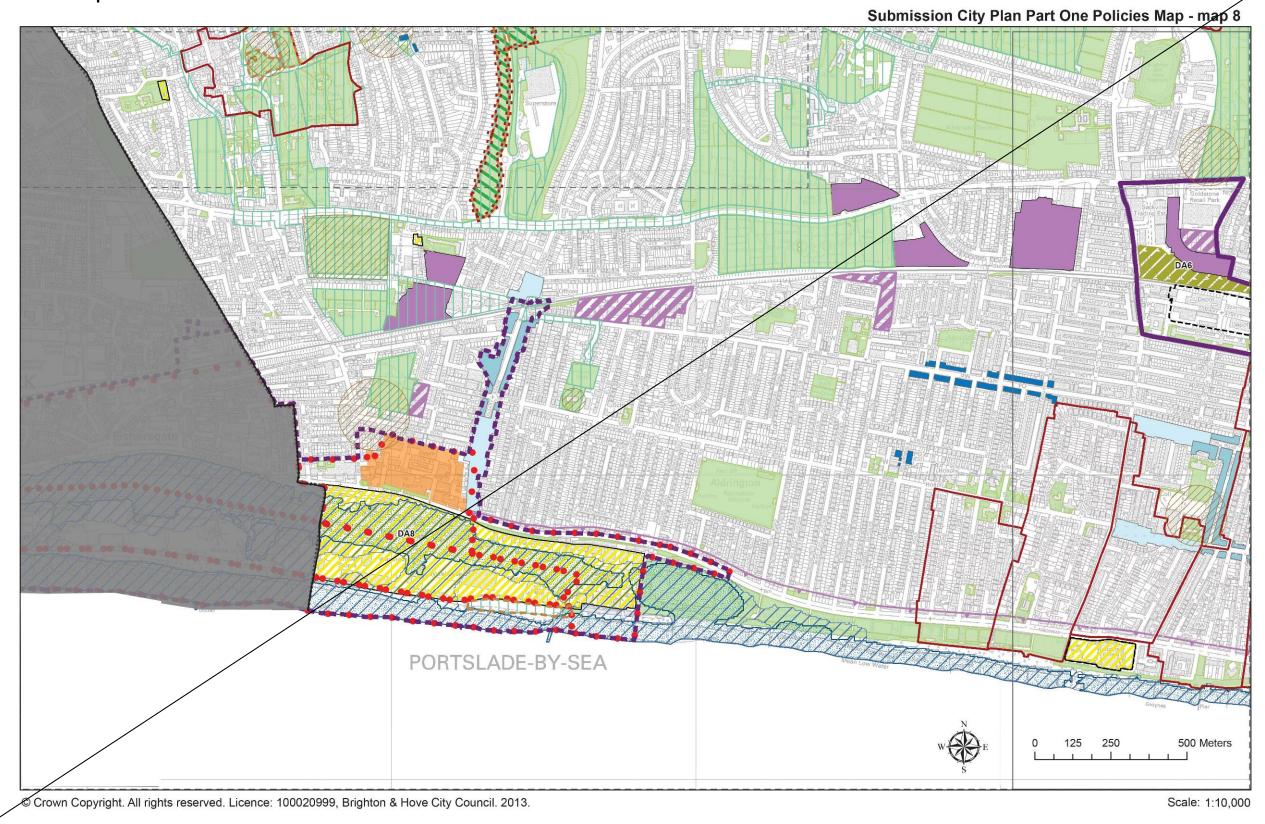


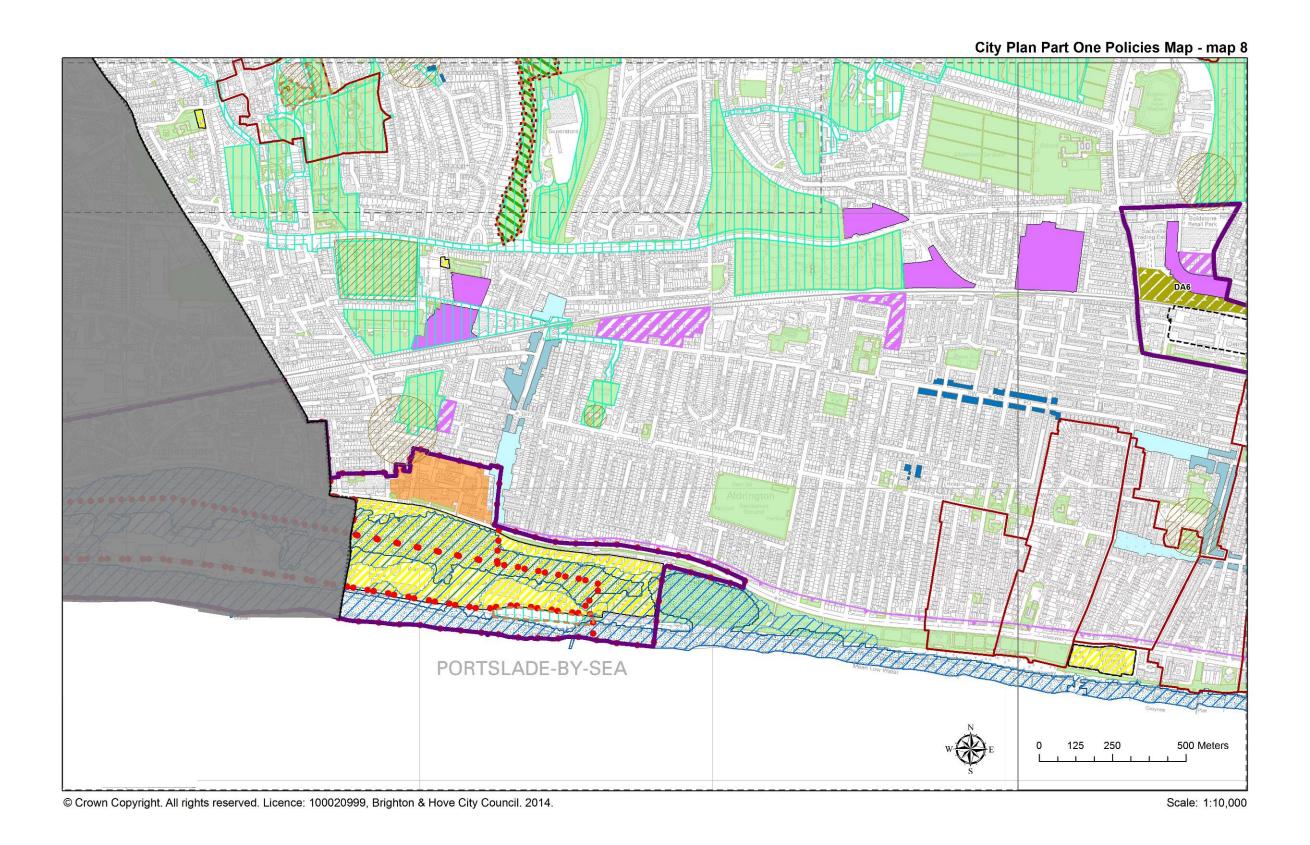
### Key Diagram, page 233

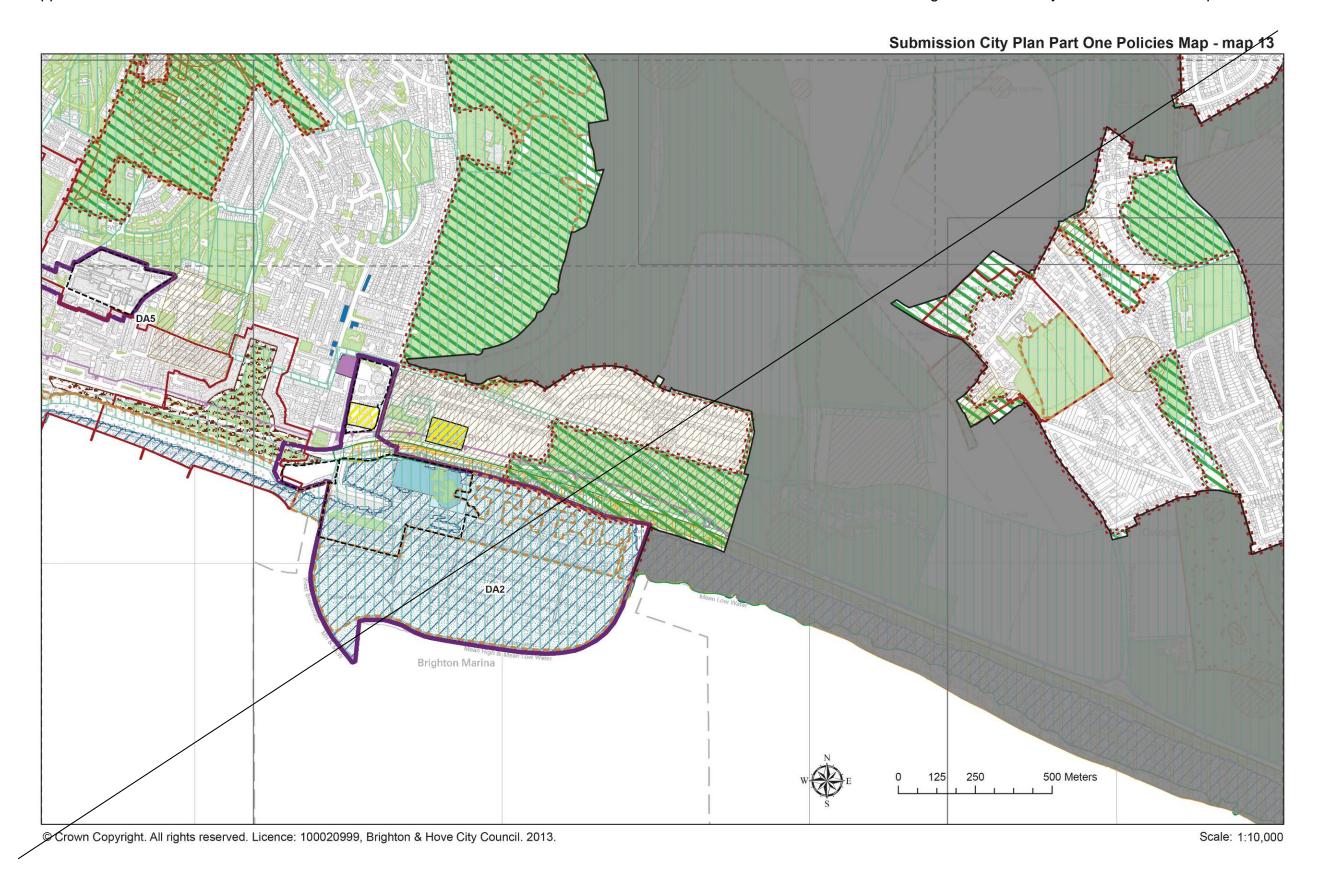


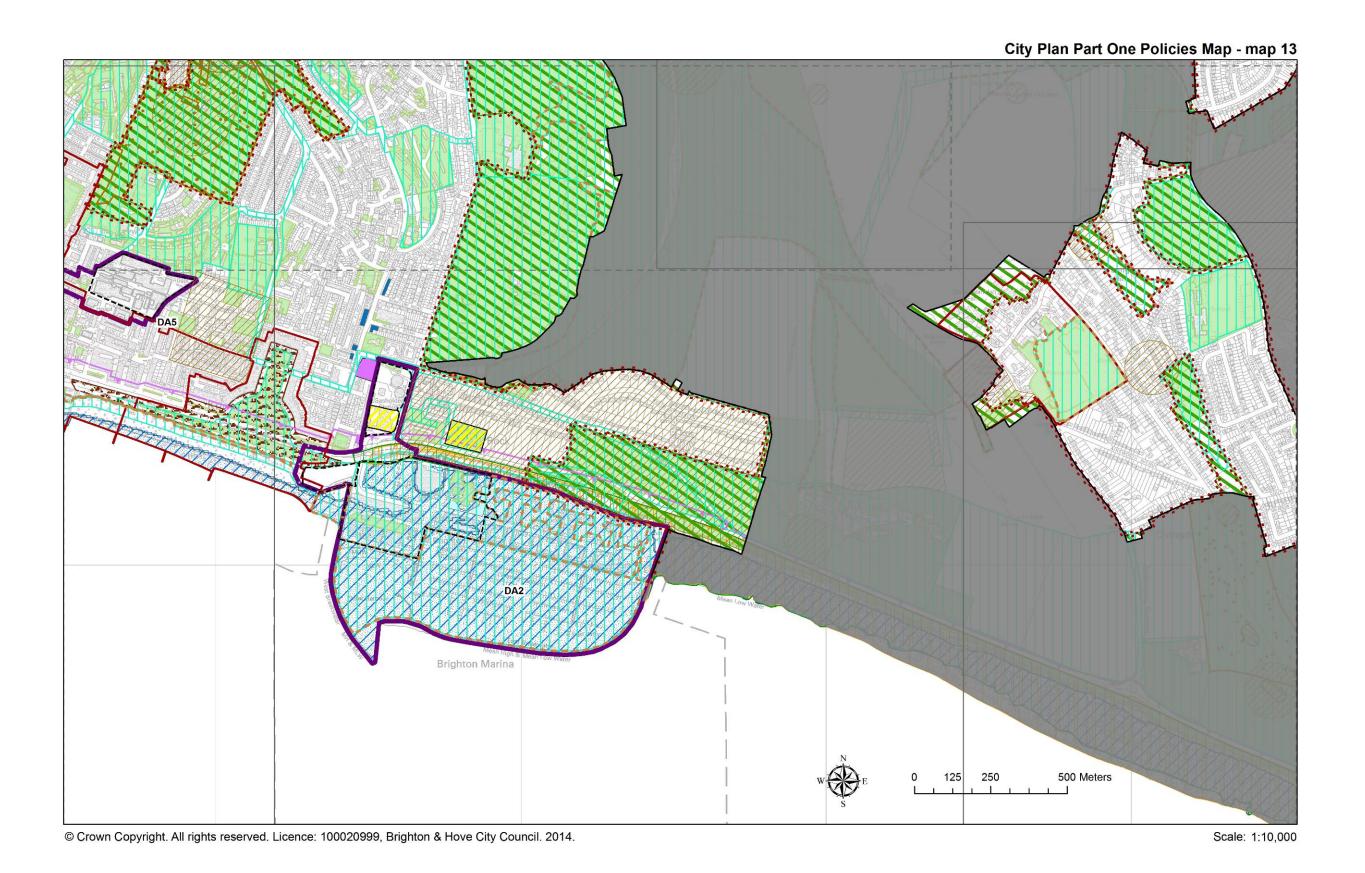


# Policies Map









## Appendix 2

Amendments to Annex 1 - Implementation and Monitoring Plan. Full annex with amendments shown in separate document.

# Appendix 3

Amendments to Annex 2 - Full Annex with amendments shown in separate document

## **City Plan Part 1 Adoption Committee Report Appendix 3**

### **Schedule of Other Proposed Modifications**

The modifications below are expressed either in the conventional form of strikethrough for deletions and <u>underlining</u> for additions of text, or by specifying the modification in words in *italics*.

The page numbers and paragraph numbering below refer to the submission local plan, and do not take account of the deletion or addition of text.

Ref	Page	Policy/ Paragraph	Other Modification			
PM001	4	1.1	1.1 The City Plan is the first Development Plan Document (DPD) <sup>1</sup> to be produced as part of a wider set of local planning policy documents known as the Brighton & Hove's Local Development Framework. Its The purpose of the City Plan is to provide the overall strategic and spatial vision for the future of Brighton & Hove through to 2030. It will help shape the future of the city and plays an important role in ensuring that other citywide plans and strategies achieve their objectives. The City Plan Part One is a Development Plan Document (DPD) <sup>1</sup> .			
			Amend footnote 1:			
			<sup>1</sup> Development Plan Document (DPDs) are the key statutory documents within Local Development Framework's will which set out the vision, strategy and policies for the area. They are subject to Sustainability Appraisal and to formal examination in public. The City Plan Part 1 is Brighton & Hove's Core Strategy.			
			Other <del>Local</del> Development <u>Plan</u> <del>Framework</del> Documents			
			1.4 The policies in all the other <u>Development Plan</u> dDocuments for forming the Brighton & Hove LDF have to be in line with the City Plan Part 1, so it is the most important <u>Development Plan Document</u> . part of the LDF.			
PM002	5	1.4 and footnote 2	<ul> <li>Waste and Minerals <u>Local</u> Plan – the council, working in partnership with East Sussex County Council and the South Downs National Park Authority, is preparing a Waste and Minerals <u>Local</u> Plan<sup>2</sup> that will provide planning policies to guide the management of waste and production of minerals in the plan area until 2026.</li> </ul>			
			Amend Footnote 2:			
			<sup>2</sup> Waste and Minerals Core Strategy is anticipated to be adopted March 2013. The East Sussex, South Downs and Brighton & Hove Waste and Minerals Plan was adopted 19 February 2013 and work has commenced on a waste and minerals sites plan.			
PM003	5	1.4	The South Downs National Park was formally designated in April 31 March 2010 and the National Park			

Ref	Page	Policy/ Paragraph	Other Modification			
			Authority brought into effect in April 2011. This is now the planning authority for the administrative area of Brighton & Hove that falls within the National Park. This area will no longer be covered by the Brighton & Hove City Plan Part 1 policies but will be covered by the Core Strategy Local Plan for the National Park.			
PM004	5	Table 1	Delete table 1:  Table 1 City Plan Part 1 Pr	eparation Timetable		
			Stage	Date		
			Reg 18: Options Consultation	October-November 2011		
			Reg 18: Draft City Plan Consultation	May - July 2012		
			Publication of the Document	February – April 2013		
			Date for submission to Secretary of State	May 2013		
			Pre-examination meeting with Inspector	<del>July 2013</del>		
			Examination in Public (estimated)	September 2013		
			Estimated date for adoption by the council	February 2014		
PM005	5	1.6	Delete paragraph 1.6:  1.6 The Localism Act sets o	ut the government's intention to re	evoke regional spatial strategies. It is acknowledged that	
			any move to revoke existing environmental assessment published 11 October 2012.	regional strategies is subject to tl (SEA of Revocation of the South I The South East Plan remains par	ne outcome of the consultation on the related  East Regional Strategy Environment Report) which was rt of the list of documents which local authorities must	
			Plans are published and tak		he government orders revoking the existing Regional considered that the draft City Plan remains in conformity ne City Plan.	
PM006	6	Figure 1	Figure 1 Relationship of th	ne City Plan to other Strategies		
			Amend reference to Mineral	ls and Waste Core Strategy:		

Ref	Page	Policy/ Paragraph	Other Modification			
			Other development plans e.g. Minerals and Waste and Minerals Core Strategy Local Plan SDNP Local Plan etc			
PM007	6	1.7	1.7 Brighton & Hove provides jobs, entertainment, shops and leisure, health and education facilities for people living in neighbouring areas. The city is a regionally significant <u>retail and</u> visitor <del>economy</del> destination and a transport hub			
PM008	7	Footnote 4	Amend Footnote 4:			
			<sup>4</sup> Brighton & Hove City Plan Part 1 Duty to Cooperate <u>Compliance</u> Statement <u>December 2012 June 2013</u>			
PM009	13	1.24	<ul> <li>Transport is the main cause of poor air and noise quality in certain parts of the city. In 20<del>08</del>13 an extended a new Air Quality Management Area was designated that is a quarter of the size of the previous one covering a significant area of the centre of the city.</li> </ul>			
			Amend Footnote 25:			
			<sup>25</sup> The council declared a new air quality management area on 30 August 2013. The Air Quality Management Area and Action Plan will be updated in 20134.			
PM024	41	DA2	Amend footnote 47:			
			<sup>47</sup> Brighton and Hove GPs have worked together to establish an emerging clinical commissioning group which covers the city, from Saltdean in the east to Portslade in the west. The clinical commissioning group will become became a statutory organisation in April 2013 when the PCT ceasesd to exist. Until that date it is working as a formal sub-committee of the NHS Sussex Board. Some PCT functions will be have passed to clinical commissioning groups, some to the new NHS Commissioning Board, and the responsibility for public health is transferring has transferred to local authorities.			
PM035	58	DA4	Amend DA4.C. ii			
			ii. An appropriate mix of uses including residential (C3) and ground floor ancillary retail (A1) and restaurants and cafes (A3) at ground floor will be permitted;			
PM057	97	Footnote 89	Amend footnote 89:			
			<sup>89</sup> Seafront Strategy is <del>due</del> <u>planned</u> to be adopted <del>Spring 2013</del> in 2015.			
PM059	99	3.123	Insert new sentence at end of paragraph 3.123:			
			The Marine Management Organisation will be preparing a marine plan for the south coast of England which will			

Ref	Page	Policy/ Paragraph	Other Modification			
			inform and guide marine users and regulators and seek to manage the sustainable development of marine industries such as wind farms, shipping, marine aggregates and fishing alongside the need to conserve and protect marine species, habitats and leisure uses. Where appropriate regard will be had to the marine plan in Part 2 of the City Plan.			
PM060	99	3.124	3.124 The 'Brighton Marina to River Adur Strategy' recommends the maintenance of existing coastal defences with some enlargement of groynes and beaches in the King Alfred area and a scheme to upgrade defences between the western end of Hove Lagoon and the River Adur through Shoreham Port. The Strategy will be is being revised following advice and funding from Defra.			
PM063	109	SA3	<ul> <li>Pursue a comprehensive landscaping scheme for The Level that will distinguish functions of spaces, enhance entrances, extend the range of facilities and improve public safety.</li> <li>Improve the legibility and safety of key pedestrian and cycle links to London Road and the Open Market.</li> <li>Enhance the public realm to the south of The Level.</li> <li>Ensure the specific provision of facilities for older younger people with appropriate activity areas.</li> <li>Amend paragraph 3.145:</li> <li>3.145 New landscaping and planting must also reinforce existing local character and may include productive planting that contributes towards improving urban food productivity where appropriate. A Landscape Design Report was approved for The Level in 2011, following public consultation, and forms a master plan for the comprehensive improvement of the park in a manner which will restore and re-animate this key public space. The Level was restored and landscaped in line with the master plan for the comprehensive improvement of the park and was re-opened in 2013.</li> </ul>			
PM067	119	Footnote 115	Amend footnote 115:  15 Child Poverty Strategy 2011 Brighton & Hove Child Poverty Commissioning Strategy 2012-2015 (2012)			
PM070	121	3.173 Footnote 118	3.173 The policy requires joint working between partners, including other public agencies for example the NHS commissioning organisations and health care providers, the police, education providers (schools, colleges and universities), community and community and voluntary sector organisations, transport providers, businesses, and esidents. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected Strategic Partnership for the city. Brighton & Hove Connected Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city. Brighton & Hove Connected is the Local Strategic Partnership for the city is the Local Strategic Partnership for the ci			

Ref	Page	Policy/ Paragraph	Other Modification
			Amend footnote 118:
			118 The Brighton & Hove Connected Strategic Partnership brings together representatives from the local statutory, voluntary, community and private sectors to address local problems, allocate funding, and discuss strategies and initiatives. The first Local Strategic Partnerships were set up in 2000. They are responsible for agreeing an overarching Sustainable Community Strategy for the area. They aim to encourage joint working, and community involvement with the general aim of ensuring resources are better allocated at a local level.
PM071	124	Footnote 122	Amend footnote 122:
			<sup>122</sup> Open Space, Sport and Recreation Study <del>2009</del> <u>2008</u> establishes a baseline of existing provision and proposes standards for quality, quantity and accessibility. It identifies priorities for future open space, recreation and sport provision.
PM074	136	4.23	Amend last sentence of paragraph 4.23:
			4.23 The council's emerging Brighton & Hove Economic Strategy Refresh will sets clear aspirations for the City that will help to demonstrate how it can move towards becoming a low carbon economy.
			Amend footnote 146:
			<sup>146</sup> Due to be aAdopted March June 2013.
PM080	146	Table 6 Estimated	Amend wording below Table 6 Estimated Retail Need
		Retail Need	Retail Study Update 2011: Capacity identified 2011-2030 (Comparison Floorspace Bbased on improved market share from 60.9% to 70%)
PM082	153	4.58	4.58 The city has a significant stock of hotel and guest accommodation; a total of 160 hotels and guest accommodation predominantly located in central Brighton and along the seafront. The council undertook a capacity and needs analysis of hotel bed <del>spaces</del> rooms in the city to understand the future capacity of the city to absorb new hotel accommodation (2007 Hotel Futures Study). Since the study was completed 3 new hotels have come into operation (Jury's Inn, MyHotel and Royal York hotel) adding 365 bed <del>spaces</del> rooms (although the latter is now operating as a 151 bed youth hostel). Furthermore there is the potential for an additional 372 bed <del>spaces</del> rooms through recent outstanding planning commitments 175.
PM083	154	4.64	4.64 The central Brighton seafront and streets and squares running immediately off it account for the majority of the city's current supply of hotel and guest accommodation. There is relatively little accommodation outside the city centre. Hotels and guesthouses are more widely spread in Hove, with no concentrations of establishments. The Hotel Core Zone shown on the proposals policies map is focussed around the main accommodation clusters and drivers of

Ref	Page	Policy/ Paragraph	Other Modification			
			accommodation demand. However			
PM094	177	4.132	4.132 The South Downs Way Ahead Nature Improvement Area (NIA) includes all of the city's Green Network and much of the surrounding downland. The boundary of the NIA/Green Network is shown on the proposals policies map.			
PM095	181	4.142	Insert at end of 4.142:			
			The Council has a new role as Lead Local Flood Authority with a responsibility for surface and groundwater flooding. SuDS approval and other responsibilities derived from the Flood and Water Management Act 2010 and is a source of information and technical assistance.			
PM096	185	Footnote 205	Amend footnote 205:			
			<sup>205</sup> The anticipated adoption date for the Urban Design Framework is <u>January 2017</u> <del>2013</del> .			
PM097	190	4.159	4.159 whilst on brownfield land this figure was 48 dph <sup>208</sup> . The South East Plan sets an overall regional target of 40 dph and states that there are significant opportunities to provide quality housing development in excess of 50 dph in many urban and suburban areas.			
PM121	192	4.166	4.166 The City's rich architectural heritage encompasses numerous local listed buildings heritage assets and over 80 aArchaeological sensitive areas Notification Areas211.			
PM103	206	CP18	3. Require larger developments to demonstrate how they <u>minimise negative impacts and</u> maximise positive impacts on health within the development or in adjoining areas (where the benefits of new development can be maximised).			
PM104	206	Footnote	Insert footnote definition of Lifetime Neighbourhood principles related to part 4 of policy:			
			# The CLG (Lifetime Neighbourhoods - December 2011) has recognised the importance of neighbourhood as a determinant of well-being in later life and its crucial role in supporting older people's independence. The main components that make up a lifetime neighbourhood includes: supporting residents to develop lifetime neighbourhoods – especially resident empowerment; access, services and amenities, built and natural environments, social networks/well-being and housing.			
PM108	219	4.225 2.227	4.225 The city's educational establishments and their students make an important contribution to the economic and cultural life of the city. There are approximately 35,200 37,000 students at the Universities of Brighton and Sussex, which includes 4,000 5,200 international students from non EU countries 150 countries. Many students also attend			

Ref	Page	Policy/ Paragraph	Other Modification				
			# HESA 2011/12				
			Add before penultimate sentence in 4.227:				
			In considering the effect of new development on residential amenity, this will include an assessment of the cumulative impact of other existing and proposed purpose-built student housing schemes close to the application site.				
PM110	223	Footnote 254	Amend footnote 254:				
			through the Partial Review of the process is provided in the paper	<sup>254</sup> Local evidence base consists of the East Sussex and Brighton & Hove Gypsy and Traveller Study as benchmarked, audited and amended through the Partial Review of the South East Plan process (2007 – 2010) and further needs assessment exercises. <u>A summary of the partial review process is provided in the paper 'Joint Evidence Paper – Provision for Gypsies and Travellers in East Sussex' April 2011 produced by ESCC, East Sussex District and BHCC officers.</u>			
PM111	226,	Appendix 1					
	228, 229	Glossary of terms	Built up area	Area identified within which the development of the city has occurred already. The outer limits of the built up area are defined on a proposals policies map.			
			Hotel Core Zone	An area identified on a Proposals Policies Map within which tourist accommodation would be afforded special protection by planning policy.			
			Local Development Framework (LDF)	The Local Development Framework or 'LDF' is the term used to describe the set of documents which will eventually include all of			
				the planning authority's local development documents, one of which is the City Plan. As these new documents are adopted they will eventually replace the Brighton & Hove Local Plan.			
			Proposals Policies Map	Map that forms an integral part of the LDF and which identifies sites/areas to which particular policies apply.			

#### **Appendix 4 - Updated Background Study**

Objectively Assessed Need for Housing for Brighton & Hove, GL Hearn, June 2015

The purpose of the updated background study is to reconsider the Objectively Assessed Need (OAN) for housing in Brighton & Hove to take account of the release of 2012-based Household Projections by Government in February 2015. The report considers housing needs over the period from 2010 to 2030 and the approach used follows the recommended approach in the Government's Planning Practice Guidance (PPG).

The 2012-based Sub-National Population Projections expect the City's population to grow by 42,200 persons between 2010-30 (15.7%). This is consistent with the projected rate of population growth across the South East, and above the rate expected nationally.

The CLG 2012-based Household Projections make more positive assumptions on future household formation than those in the CLG 2011-based Interim Household Projections. The 2012-based Household Projections indicate a need for 26,600 homes (1333 per annum), taking account of 2013 Mid-Year Population Estimates.

In establishing future housing need, the consultants also took account of how housing need might be influenced by employment growth, market signals and affordable housing need.

Given the considerable need for affordable homes and taking account of the demographic projections analysis, GL Hearn considered that upward adjustments should be made to the assessed housing need to help improve affordability for younger households over the plan period.

The study recommends that 30,120 homes over the 2010-30 period, represents the full Objectively Assessed Need for Housing (1,506 homes per annum).

These findings represent a "policy off" assessment of housing need. The study recognises that land supply issues within the City, and the geographical constraints of its location, mean that it is highly unlikely that this assessed need can be met in full.

In terms of the need for different dwelling sizes, the the study suggests that the focus of new market housing provision should be on two and three-bed properties. This reflects continuing demand for housing from younger persons and young families. The study also acknowledges that there may be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to visit.

The report also suggests a need for around 1,290 additional specialist units for older people in Brighton & Hove between 2010-30 (64 per annum). This identified need for specialist housing for older persons includes extra care and sheltered housing, with the majority of the need expected to be for market housing.

## POLICY & RESOURCES COMMITTEE

## Agenda Item 142

**Brighton & Hove City Council** 

Subject: Agreement to schedule of charges for pre-

application planning advice

Date of Meeting: 17 March 2016

Report of: Executive Director Environment, Development &

Housing

Contact Officer: Name: Paul Vidler Tel: 292192

Email: paul.vidler@brighton-hove.gov.uk

Ward(s) affected: All

### FOR GENERAL RELEASE

## 1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The purpose of this report is to seek authority for a schedule of charges for preapplication planning advice, together with a timeframe for implementation, following the resolution of the Policy & Resources Committee on 15 October 2015.

#### 2. RECOMMENDATIONS:

That the Policy & Resources Committee

2.1 agree the schedule of charges for pre-application planning advice set out in Appendix 1 and the timeframe for implementation set out in paragraphs 3.5. and 3.6.

## 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 At the Policy & Resources Committee on 15 October 2015 Members agreed the principle of introducing charges to cover the cost of pre-application advice and the negotiation of Planning Performance Agreements. Appendix 2 contains the full report.
- 3.2 A two phased approach was agreed for the introduction of charges to cover costs for planning performance agreements and design advice (Phase 1) and preapplication planning advice (Phase 2).
- 3.3 Phase 1 has been implemented and this report seeks authority for Phase 2, which includes the schedule of charges for pre-application planning advice set out in Appendix 1 and the timeframe for implementation.
- 3.4 Charges cover the cost of the service being provided. They have been set with regard to all the actual costs of providing the service. This includes staff costs, support services and administration. These proposed charges are comparable to

- those charges set by other Local Planning Authorities, including comparator and other East Sussex authorities, as set out in Appendix 3.
- 3.5 It is proposed that charges for major applications are introduced in accordance with the attached schedule with immediate effect. This is recommended on the basis that we are already offering this service without remuneration. Consultation carried out last year with the Agent's Forum and other developers indicated that the majority of developers would welcome the opportunity to pay for prompt, high quality, pre-application advice as this reduces financial risks to owners and developers (see community engagement and consultation below).
- 3.6 Charges for minor and medium scale proposals will be introduced in the summer of this year when the Planning service has the resources available to offer this service.

## 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Alternative options on the introduction of charges were fully considered in the report to Policy & Resources Committee on 15 October 2015 attached in Appendix 2.
- 4.2 Options on charges have been considered and the proposed charges to be introduced will cover the costs of the service.
- 4.3 Phasing options on the introduction of charging for pre-application advice have been fully considered. The preferred option is to introduce pre-application charging for minor applications in the summer to allow focus on filling staff vacancies, and the performance and improvement of the applications service.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Engagement and consultation on the introduction of charges has taken place and was set out in the report to Policy & Resources Committee on 15 October 2015 attached in Appendix 2.

### 6. CONCLUSION

6.1 The proposed charges would cover the cost of providing pre-application planning advice, as previously agreed by Policy & Resources Committee.

### 7. FINANCIAL & OTHER IMPLICATIONS:

## Financial Implications:

7.1 The proposed charges will be subject to the council's Corporate Fees & Charges Policy. This policy addresses the requirements for a more corporate approach to the issue of fees and charges and provides a clear framework within which to conduct annual or other reviews of fees and charges. Fundamentally, the policy aims to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Tax payers. The proposed charges have been compared with appropriate comparator groups and are based on estimated costs to ensure the service at least achieves cost

recovery. The appropriate Service Committee shall keep all fees and charges under review and shall receive a report from the Executive Director on price variation above or below the corporately applied rate of inflation.

A Local Planning Authority has the power to charge for the proposed services under s93 of the Local Government Act 2003. Under this legislation, taking one financial year with another, the income should not exceed the cost of provision. The level of fees will therefore be set based on this requirement and regularly reviewed to ensure compliance.

The introduction of the proposed charges was agreed as part of the savings proposals in the approved 2015/16 budget. The achievement of the savings proposals is dependant on the successful introduction of the proposed charges. Any variation between the estimated and actual income will be monitored and reported as part of the monthly budget monitoring process.

Finance Officer Consulted: Sue Chapman Date: 18/02/16

## **Legal Implications:**

7.2 As noted in the 15 October 2015 report to Policy & Resources Committee, the provision of pre-application planning advice is a discretionary service. As such, s93 of the Local Government Act 2003 allows local planning authorities to charge for providing such a service; however, in doing so the authority has a duty to ensure, taking one financial year with another, that income does not exceed the costs of providing the service.

It is not considered that any adverse human rights implications arise from the report.

Lawyer Consulted: Name Hilary Woodward Date: 10/02/16

## Equalities Implications:

7.3 No specific equalities implications. Pre-application advice is offered on a without prejudice basis and operates within the constraints of the Development Plan. Equalities matters can be material consideration and are taken into consideration as part of the assessment of pre-application advice and the determination of planning applications in accordance with adopted policies and the Council's statutory duties and in response to matters raised through public consultation.

## Sustainability Implications:

7.4 The opportunity to influence built development through achieving quality design advice and pre-application advice will ensure the sustainability can be considered as early as the design concept stage.

## **Crime & Disorder Implications:**

7.5 Good quality pre-application advice on major schemes and design advice supports the overall objective of designing out crime and creating safe, healthy urban environments.

## Risk and Opportunity Management Implications:

7.6 There are positive benefits and opportunities related to the delivery of good quality built environments. This supports economic activity in the City, health and wellbeing and can have positive impacts through designing out crime. The ability to offer advice at no cost to the Local Planning Authority would represent a lost opportunity if it were not to happen.

## Public Health Implications:

7.7 Good quality pre-application advice supports the overall objective of designing our crime and creating safe, healthy urban environments.

## Corporate / Citywide Implications:

7.8 Good quality pre-application advice before planning applications are submitted ensures that the development strategy set out in the City Plan (Part 1) is delivered. The City Plan supports corporate plan priorities on the delivery of jobs & homes, creating environmentally sustainable built development and supporting the creation of sustainable communities.

## **SUPPORTING DOCUMENTATION**

## **Appendices**

- 1. Schedule of charges for pre-application planning advice
- 2. Policy & Resources Committee Report 15 October 2015
- 3. Charges set by other Local Planning Authorities

## **Documents in Members' Rooms**

None

## **Background Documents**

- 10 commitments for effective pre-application engagement.
   Local Government Association and British Property Federation. January 2014.
- 2. The Pre-application Suite. Local Government Association and Planning Advisory Service. June 2014.

## Appendix 1

## Fee Schedule for Pre-application Planning Advice (from 1 April 2016)

Size of proposal	Service	Fee	Fee inc VAT (20%)
Large scale	Meeting (up to 2 hours)	£500	£600
	Written response	£250	£300
	Meeting and written response	£750	£900
Medium scale	Meeting (up to 1.5 hours)	£375	£450
	Written response	£190	£228
	Meeting and written response	£565	£678
Small scale	Meeting (up to 1 hour)	£250	£300
	Written response	£95	£114
	Meeting and written response	£345	£414

## Large scale proposals

- Residential:10+ units (including change of use) or 0.5+ hectare site area
- Non-residential: 1,000+ sqm floorspace or 1+ hectare site area

## Medium scale proposals

- Residential: 1-9 residential units (including change of use) or less than 0.5 hectare site area
- Non-residential: 50-1,000 sqm floorspace or up to 1 hectare site area
- Change of use (excluding residential)
- Non-residential prior approval

## Small scale proposals

- Householder extensions and alterations (houses and flats)
- Small scale commercial developments including shopfronts, extensions up to 49 sqm, alterations
- Internal works to listed buildings
- Certificates of lawful development
- Residential prior approval
- Advertisements

If the pre-application request requires the involvement and advice of other specialist officers of the City Council (e.g. heritage, planning policy, transport, sustainability,

trees, land contamination, noise, air quality) this will be charged at an additional hourly rate of £72/hour per specialist officer (including VAT).

All meetings will take place at Council offices. If a site visit is requested, this will incur an additional cost at the rate of £80/hour per officer (including VAT).

For significant, complex major development proposals the Council will negotiate Planning Performance Agreements with bespoke resources and fees on a case by case basis, covering all stages of the project from pre-application through to the application and implementation phases.

## POLICY & RESOURCES COMMITTEE

## Agenda Item 50

Brighton & Hove City Council

Subject: Introduction of charges to cover costs for pre-

application planning advice, planning performance

agreements and design review.

Date of Meeting: 15 October 2015

Report of: Executive Director Environment, Development &

Housing

Contact Officer: Planning and Building

Name: Control Applications Tel: 01273 - 292195

Manager

Email: jeanettewalsh@brighton-hove.gov.uk

Ward(s) affected: All

#### **FOR GENERAL RELEASE**

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The purpose of this report is to provide information setting out the case for the introduction of charging for pre-application advice. The report details the two phased approach which will enable the Local Planning Authority (LPA) to commence immediately with one- off bespoke negotiations for Planning Performance Agreements (PPAs) to cover the costs of pre-application advice and enhanced performance when dealing with major schemes. The report also seeks authority to proceed with the procurement and subsequent award of a contract to our selected bidder for the provision of multidisciplinary design advice for LPA.

## 2. **RECOMMENDATIONS:**

That the Committee:

- 2.1 Agree to the two stage phased approach to the introduction of charges for preapplication advice as set out in paragraphs 3.11 and 3.12.
- 2.2 Grants delegated authority to the Executive Director Environment, Development & Housing to negotiate the terms of bespoke, cost neutral PPAs on major development schemes as part of a pre-application advice service.
- 2.3 Grants delegated authority to the Executive Director Environment, Development & Housing to proceed with the procurement and subsequent award of a contract to provide cost neutral, multidisciplinary expert design review advice to the LPA.

## 3. CONTEXT/ BACKGROUND INFORMATION

3.1 Charging for pre-application planning advice is now best practice for English



(November 2008) noted the need to improve this "critically important" stage in the planning process most English authorities have introduced charges to cover costs to support and ensure a good quality service. As part of this many authorities have also introduced a bespoke approach for major schemes called Planning Performance Agreements (PPA)'s.

- 3.2 A PPA is essentially a project management tool which sets timescales for actions between the local planning authority and an applicant. It should cover preapplication and application stages but may also extend through to the postapplication stage.
- 3.3 The widely acknowledged benefits of charging for a pre-application service include a reduction in the number of refused applications, less speculative applications and an improvement in the quality of schemes coming forward. The National Planning Policy Framework (NPPF) places particular emphasis on the need for good quality Design Review advice.
- 3.4 The Local Government Act 2003 (s93 Part 8, Chapter 1 Power to Charge for Discretionary Services) gives Local Planning Authorities the discretionary authority to charge for pre-application advice as a service. The income raised must not exceed the cost of providing the service.
- 3.5 B&HCC currently has a free pre-application advice service for all types of planning applications. This service has been free since its introduction. Costs have been absorbed by the service as a subsidy to the development industry and our residents. There was an aspiration to introduce charges as best practice in 2009, however, with the advent of the economic downturn, the Local Planning Authority introduced a package of measures to support economic recovery in 2010.
- 3.6 One of the measures was an agreement not to introduce charges for preapplication advice.
- 3.7 Those measures which had unanimous cross party support remained in place between late 2010 and early 2015 (i.e a four and a half year period). See EDC report 15/01/2015.
- 3.8 During that time the service has delivered savings and continued to offer advice free of charge. Recently (22 July 2015) the service stopped offering pre-application advice for everything other than major schemes. That decision was made by the LPA due to the increase in the numbers of applications per case officer, the need to focus on achieving statutory performance targets and the need to continue to achieve the Planning Guarantee (See Appendix 1).
- 3.9 Major Schemes continue to receive advice in acknowledgement of the significant positive economic and qualitative benefits of continued engagement with the LPA. Schemes where we have a partnership approach, with the involvement of Councillors and full public engagement result in better development on the ground.
- 3.10 As part of pre-application advice Design Review currently takes place on an ad hoc basis. Applicants can choose the Design Review supplier and pay the

supplier directly. In Brighton & Hove applicants have tended to use two established suppliers: CABE at the Design Council and Design South East. Nationally, there are a number of suppliers available. Advice provided is not always tailored to the requirements of the LPA, focused on the strategic development objectives in our City Plan or set up in a way that allows the LPA to cover its costs. This is not a satisfactory, efficient or a consistent way to receive design feedback. Therefore we need to put in place the mechanism that will enable the LPA to access multidisciplinary design experts to provide advice that meets the requirements of the LPA.

## Proposed Approach

- 3.11 In the immediate future it is our intention to follow the two phased approach. Phase 1 is to negotiate immediately bespoke one-off Planning Performance Agreements for all major schemes to cover the costs being incurred now. In parallel, we also intend to procure a contract with one supplier who will be able to support the needs of the LPA with quality design advice whilst enabling the LPA to cover costs. The intended contract duration is two years with an option to extend for one year. The expected contract start date is currently 31.03.2016. Some background information is contained at Appendix 2
- 3.12 Phase 2 is to identify a timeframe for the introduction of pre-application charges for all types of development. It is our intention to develop the framework in accordance with best practice as set out in the report jointly prepared by the Local Government Association (LGA) and the British Property Federation (BPF), entitled "10 commitments for effective pre-application engagement". A full set of charges together with a timeframe for implementation will be reported initially to the ED&H Modernisation Board with a view to seeking agreement from Policy & Resources Committee at the earliest in January 2016.
- 3.13 It should be noted that in additional to the formal feedback through the workshops there is anecdotal feedback from the Development Industry that the introduction of charges will be supported. In terms of the negotiation of bespoke PPA's there are already developers waiting to sign and agree PPA's

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The current option which is recommended is a two phase approach which introduces an element of cost recovery for the service we can offer today and allows for a second phase of introduction once the service has developed a sound timetable for introduction based on achieving improvements to the statutory part of the service, identifying resources to offer a full pre-application service and further streamlining.
- 4.2 Alternative Option 1: is for the service to consider the do nothing option and continue to offer pre-application advice on major schemes free of charge. That option results in direct costs to the LPA for these discretionary services. The finance subsidy is not available to support this approach.
- 4.2 Alternative Option 2: Withdraw completely from offering pre-application advice for major schemes and focus solely on determining all on hand applications. This option has a cost neutral impact but would result in major schemes coming

forward without the support of the LPA and potentially without feedback from Councillors and it may result in significant numbers of refusal of major applications and a failure to meet the Planning Guarantee for major applications.

4.3 Alternative Option 3: Launch a full set of charges immediately for all types of applications. This option is unrealistic today and would result in the removal of significant resources currently dedicated to determining live planning applications.

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

#### External - Workshops

- Two workshops jointly organised by B&HCC in conjunction with our Professional Planning Forum took place in December 2014. The cross party Planning Committee Member Working Group, Officers and the Chair of the Forum jointly agreed the need for the consultation.
- The Chair of the Forum, Liam Russell, jointly managed the workshops with us. Participants included: Architects, Planning Professionals and Surveyors. Officers of the council from within the Local Planning Authority and those who comment on planning applications and council lawyers also attended. There was strong attendance from Councillors including the Chair of Planning Committee also attended.
- 5.3 The workshops were topic based and part of our customer engagement programme to improve the quality of our service
  - Workshop 1 Planning process (including pre-application advice)
  - Workshop 2 Design
- 5.4 Feedback from the workshops demonstrated strong and positive support for the introduction of charges for our pre-application advice service and for the introduction of a design review to support improvements to the quality of submissions.
- 5.5 There was an overall consensus that the introduction of charges would act to support a more professional and business like approach to advice and that it will be important to set the limits of the service and a framework for the advice through either a PPA or a flat charge.

## Internal - Workshops

- 5.6 Internal discussions have taken place with those services areas which support the Development Management Team through expert advice as part of the determination of planning applications and who have experience of submission of applications for design review.
- 5.7 There is unanimous internal support for the recovery of costs as part of charging for pre-application advice and for the introduction of a more managed approach

to Design Review. Internal service areas consulted include: Planning Policy, Transport, Heritage, Legal, Environmental Protection.

#### 6. CONCLUSION

6.1 The proposed two phased approach is considered to be the most appropriate way for bringing forward mechanisms for the introduction of charges for preapplication advice given the current service context.

## 7. FINANCIAL & OTHER IMPLICATIONS:

## Financial Implications:

- 7.1 The proposed charges will be subject to the council's Corporate Fees and Charges Policy. The Corporate Fees and Charges Policy addresses the requirement for a more corporate approach to the issue of fees and charges and provides a clear policy framework within which to conduct annual or other reviews of fees and charges. Fundamentally, the policy aims to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Tax payer. As a minimum, charges will be reviewed annually as part of the budget and service planning process
- 7.2 A Local Planning Authority has the power to charge for the proposed services under Section 93 of the Local Government Act 2003. Under this legislation, taking one financial year with another, the income and charges should not exceed the cost of provision. The level of fees will therefore be set based on this requirement and regularly reviewed to ensure compliance.
- 7.3 The introduction of the proposed charges was approved as a budget saving proposal for the 2015-16 financial year onwards. The achievement of these savings proposals is therefore dependant on the successful introduction of the proposed charges. Any variation between the estimated budget saving and the actual financial implications will be monitored and reported as part of the monthly budget monitoring process.
- 7.4 The recommended procurement process will be subject to compliance with the council's Contract Standing Orders and Financial Regulations to ensure the achievement of value of money. The cost of the quality design advice contract is estimated to be £0.100m per year and will be charged on a case by case basis. It is anticipated that the costs will be recovered by the charges to service users though the Planning Performance Agreement and therefore be cost neutral to the council.

Finance Officer Consulted: Sue Chapman Date: 23/09/2015

#### Legal Implications:

7.5 As referred to in the body of the report, the legislative power to charge for preapplication advice, a discretionary service, is contained in s93 of the Local Government Act 2003. In exercising the power an authority has a duty to ensure, taking one financial year with another, that income does not exceed the costs of providing the service.

No adverse human rights implications arise from the report.

Lawyer Consulted: Hilary Woodward Date: 15/9/15

## Equalities Implications:

7.6 No specific equalities implications. Pre-application advice is offered on a without prejudice basis and operates within the constraints of the Development Plan. Equalities matters can be material consideration and are taken into consideration as part of the assessment of pre-application advice and the determination of planning applications in accordance with adopted policies and the Council's statutory duties and in response to matters raised through public consultation.

## Sustainability Implications:

7.7 The opportunity to influence built development through achieving quality design advice and pre-application advice will ensure the sustainability can be considered as early as the design concept stage.

## Crime & Disorder Implications:

7.8 Good quality pre-application advice on major schemes and design advice supports the overall objective of designing out crime and creating safe, healthy urban environments.

## Risk and Opportunity Management Implications:

7.9 There are positive benefits and opportunities related to the delivery of good quality built environments. This supports economic activity in the City, health and wellbeing and can have positive impacts through designing out crime. The ability to participate in pre-application discussions on major schemes and offer advice at no cost to the Local Planning Authority would represent a lost opportunity if it were not to happen.

### Public Health Implications:

7.10 Good quality pre-application advice on major schemes and design advice supports the overall objective of designing our crime and creating safe, healthy urban environments

## Corporate/Citywide Implications:

7.11 A comprehensive approach to pre-application advice and design review before planning applications are submitted ensures that the development strategy set out in the City Plan (part 1) is delivered. The City Plan supports corporate plan priorities on delivery of economy jobs & homes. Creating environmentally

sustainable built development and support the creating of sustainable communities.



## **SUPPORTING DOCUMENTATION**

## **Appendices**

- 1. Planning Guarantee
- 2. Background information about the Invitation To Tender for Design Advice

### **Documents in Members' Rooms**

None

## **Background Documents**

- 1. 10 commitments for effective pre-application engagement Local Government Association and British Property Federation
- 2. Planning Performance and Improvement the changing landscape Planning Advisory service
- 3. Design Review What is it for and what does it achieve. Planning Advisory Service, April 2015
- 4. Farrell Review of Architecture and the Built Environment

## Appendix 3

## Fees set by other Local Planning Authorities for Pre-application Planning Advice (February 2016)

## **LB Croydon**

Size of proposal	Service	Fee	Fee inc
			VAT (20%)
Large scale	Meeting and written response	£2,000	£2,400
Medium scale	Meeting and written response	£600-1,000	£720-1,200
Small scale	Meeting and written response	£96	£115.20

## **Bristol City Council**

Size of proposal	Service	Fee	Fee inc VAT (20%)
Large scale	Meeting and written response	£1,250	£1,500
Medium scale	Meeting and written response	£165-250	£198-300
Small scale	Meeting and written response	£50-85	£60-102

## **Lewes District Council**

Size of proposal	Service	Fee	Fee inc VAT (20%)
Large scale	Meetings, site visit and written	£900-3,600	£1,080-
	response		4,320
Medium scale	Meeting, site visit and written	£150-450	£180-540
	response		
Small scale	Site visit and written response	£12.50-75	£15-90

## **Rother District Council**

Size of proposal	Service	Fee	Fee inc VAT (20%)
Large scale	Meeting or written response	£516.67- 850	£620-1020
Medium scale	Meeting or written response	£116.67- 212.50	£140-255
Small scale	Written response	£45-116.76	£54-140

## POLICY & RESOURCES COMMITTEE

## Agenda Item 143

**Brighton & Hove City Council** 

Subject: East Sussex, South Downs and Brighton & Hove

Waste and Minerals Sites Plan – Outcome of Consultation and Proposed Modifications

Date of Meeting: 17 March 2016

Report of: Executive Director – Environment, Development and

Housing

Contact Officer: Name: Steve Tremlett Tel: 29-2108

Email: Steve.tremlett@brighton-hove.gov.uk

Ward(s) affected: All, but particularly Hove Park

#### FOR GENERAL RELEASE

## 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The purpose of this report is twofold. Firstly, it informs the Committee of the outcome of the public consultation on the Proposed Submission draft of the East Sussex, South Downs and Brighton & Hove Waste and Minerals Sites Plan (henceforth the 'Sites Plan') that took place for an eight week period from October to December 2015.
- 1.2 Secondly, to agree draft modifications and to ensure the Sites Plan is 'sound'. Subject to agreement by the partner authorities, it is proposed that these will be submitted to the Inspector for consideration, with public consultation undertaken after the initial Public Examination hearing sessions. This approach should ensure a smoother Examination process.
- 1.3 Policy & Resources Committee (P&R) and Council have previously authorised the publication of draft modifications for public consultation, save that should any draft modification involve a major shift in the policy approach of the Sites Plan, the draft modification shall be referred to P&R for approval. It is considered that the modifications now proposed represent a major shift in the policy approach, and therefore these changes require the agreement of Policy & Resources Committee.

### 2. **RECOMMENDATIONS**:

- 2.1 That the responses to representations on the Proposed Submission Sites Plan are noted.
- 2.2 That the draft 'main modifications' to the Sites Plan are approved and submitted to the Inspector for consideration through the forthcoming Public Examination process and subsequently published for public consultation.

### 3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Proposed Submission Waste & Minerals Sites Plan was agreed for public consultation by Policy & Resources Committee on 15 October and full Council on 22 October 2015. The public consultation subsequently took place between for an eight week period commencing on 28 October 2015.

## Outcome of Consultation

- 3.2 A total of 47 representations and two petitions (57 and 689 signatories) were received. A summary of the representations is included in Appendix 1, available in Members' Rooms.
- 3.3 With regard to the proposed site allocations in Brighton & Hove, two representations were received regarding Hangleton Bottom one in favour of the allocation from a prospective developer, and one local resident opposed. Nine representations opposed to the allocation of Sackville Coal Yard were received as well as a petition totalling 689 signatures. Objections were received from the landowner, Hove Station Neighbourhood Forum, Hove Civic Society, the ward councillors and four local residents.
- 3.4 With regard to the proposed 'areas of opportunity' in Brighton & Hove, i.e. locations identified as suitable in principle for waste development, but not safeguarded for that purpose, there were three objections to the inclusion of the Former Gasworks site (one local resident, and two from the landowners). One objection from a local resident was received relating to Hollingdean Industrial Estate.
- 3.5 The other representations received relate to general comments about the Plan's approach or sites in the East Sussex administrative area. These are summarised in Appendix 1.

## Proposed Modifications – Brighton & Hove

- 3.6 A modification is proposed to remove the allocated site at Sackville Coal Yard from Policy SP1 of the Plan. Since the Proposed Submission draft of the Plan was published, the City Council has become aware, through discussions and representations, that the landowner's plans for a comprehensive redevelopment of the combined Coal Yard and Sackville Trading Estate sites are at an advanced stage, and that the landowner would not entertain proposals for a waste use. The landowner's position and plans for redevelopment are strongly supported by the local Neighbourhood Forum which considers that a waste allocation would impede the redevelopment of the area as envisaged in the emerging Neighbourhood Plan.
- 3.7 Furthermore, the City Council has not been aware of any interest from the waste industry in developing the site for waste management use over the ten year period that it has been safeguarded for this purpose.
- 3.8 Landowner objection is not, in itself, a justification for not allocating a site as ownership can change over the lifetime of a plan. However, the advanced stage of the alternative development proposals and the incompatibility with the aims of

the emerging Neighbourhood Plan, together with the lack of interest from the industry, are considered, in this instance, to justify the removal of the site on the grounds that a waste facility is demonstrably undeliverable<sup>1</sup>.

3.9 No modifications are proposed to the other locations in Brighton & Hove. Whilst a landowner objection has also been received with regard to the Former Gasworks site in Kemptown, this site is included in the Plan as an 'area of opportunity' and is not safeguarded for waste use. Areas of Opportunity provide guidance to potential developers that these sites are considered for employment uses and worthy of further investigation, they do not seek to prevent alternative development coming forward. The City Council is not aware of any firm proposals for alternative development on the site. This site's status was changed at an earlier stage of Plan preparation from an allocation to an area of opportunity following similar comments from the landowner and no further changes are considered necessary.

## Proposed Modifications – East Sussex

- 3.10 A modification is proposed to exclude the 'area of search' at Whitworth Road, Hastings from the Plan following a representation from Hastings Borough Council that cast serious doubt on its deliverability. An extension is proposed to the 'Land at Burgess Road' site in Hastings to encompass an enlargement of the industrial area that is allocated in the adjacent Rother District Council's Local Plan.
- 3.11 A number of other minor modifications to policies for the purpose of clarity are also proposed. All draft modifications are set out in the Schedule of Proposed Modifications included in Appendix 2, available in Members' Rooms.
- 3.12 Although the proposed modifications result in a reduction in the number of specifically identified sites in the Sites Plan, the Authorities are confident that the remaining provision (three safeguarded allocations, nine areas of opportunity, four areas of search and two extensions to existing waste sites, together with a criteria based policy allowing development on suitable existing industrial estates) retains sufficient flexibility to enable the need for new waste management capacity to be met.
- 3.13 The draft modifications will be subject to public consultation. However, as there may be a need for further modifications to the Sites Plan arising from the public examination hearings, it is not proposed to hold the consultation immediately. Instead, the consultation will take place after the hearing sessions so that any additional modifications resulting from the hearing can be included, thus avoiding the need for two rounds of consultation and the delays and additional expense this would cause. This approach has been taken in the past by other authorities.
- 3.14 All modifications to the Plan including those proposed by the Inspector will ultimately be presented to P&R Committee and Council in due course as part of the adoption process of the Plan.

<sup>1</sup> The Plan will be judged by the Planning Inspector against the 'tests of soundness' set out in paragraph 182 of the National Planning Policy Framework. One of these is that the Plan is 'effective', the definition of which includes being deliverable over the plan period.

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Sites Plan could be submitted for public examination without the draft proposed modifications. However, agreeing in advance modifications considered necessary to ensure a 'sound' plan will assist the Inspector and help to ensure a smoother Public Examination process.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The Waste & Minerals Sites Plan has been a number of years in preparation and has evolved through several stages of public consultation
  - Call for Sites and Proposed Content of the Plan (summer 2013)
  - Sustainability Appraisal Scoping Report consultation (winter 2013)
  - Draft Plan consultation (summer 2014)
  - Proposed Submission consultation (autumn 2015).
- 5.2 The modifications now proposed are a direct result of the representations received at the most recent stage of consultation.

### 6. CONCLUSION

6.1 The analysis of the representations on the Proposed Submission Waste and Minerals Sites Plan should be noted. Following consideration of the representations, main modifications are considered necessary to ensure the Sites Plan remains 'sound'. Agreement from P&R is sought to withdraw the site allocation at Sackville Coal Yard and the 'area of search' at Whitworth Road (Hastings), and to extend the area of search at 'Land at Burgess Road' on the fringes of Hastings.

### 7. FINANCIAL & OTHER IMPLICATIONS:

## Financial Implications:

7.1 The costs associated with the development of the Waste and Minerals Site Plan have been met proportionally between Brighton and Hove City Council, East Sussex County Council and the South Downs National Park Authority. The proportion of costs to the council for inspection, Public Examination process and subsequently public consultation will be funded from the existing Waste Planning revenue budget within the Planning and Building Control Service.

Finance Officer Consulted: Sue Chapman Date: 25/02/16

## Legal Implications:

7.2 Once adopted the East Sussex, South Downs and Brighton & Hove Waste & Minerals Sites Plan will form part of the Waste and Minerals Local Plan. As such it will be a material consideration in the determination of relevant planning applications. The detail as to the preparation of local plans is found in the Town and Country Planning (Local Planning) (England) Regulations 2012. Regulation 19 of the 2012 Regulations provides that, prior to submission to the Secretary of

State for independent examination, a local plan must be publicised for a period of at least 6 weeks and representations invited.

- 7.3 As noted in the body of the report, the draft modifications will be subject to consultation as part of the inspector's independent examination of the Sites Plan.
- 7.4 It is not considered that any adverse human rights implications arise from the report.

Lawyer Consulted: Name Hilary Woodward Date: 24/2//16

Equalities Implications:

7.5 None arising from this report.

**Sustainability Implications:** 

- 7.6 A Sustainability Appraisal (SA) has been produced to support the Sites Plan, and an addendum to this considers the sustainability implications of the draft modifications. As the Sites Plan sets a framework for future development consent of projects that are likely to have significant environmental effects a Strategic Environmental Assessment (SEA) is also necessary. These have been combined into a single joint appraisal to ensure that all issues are considered.
- 7.7 The SA process plays an important role in demonstrating that a Development Plan Document (DPD) is contributing to achieving sustainable development through the integration of environmental, social and economic considerations into the DPD. It is a systematic and iterative process which assesses the likely significant effects of the Plan on the environment, the economy and society.

Any Other Significant Implications:

7.8 None.

## **SUPPORTING DOCUMENTATION**

## Appendices (in Members' Rooms):

- 1. Summary of Representations of the Proposed Submission Waste and Minerals Sites Plan.
- 2. Schedule of Proposed Modifications

## **Documents in Members' Rooms**

- 1. Proposed Submission East Sussex, South Downs and Brighton & Hove Waste and Minerals Sites Plan (October 2015).
- 2. Sustainability Appraisal Addendum

## **Background Documents**

1. East Sussex, South Downs and Brighton & Hove Waste and Minerals Plan (adopted February 2013)

## POLICY & RESOURCES COMMITTEE

## Agenda Item 144

**Brighton & Hove City Council** 

Subject: Treasury Management Policy Statement 2016/17

Date of Meeting: 17 March 2016

Report of: Interim Executive Director of Finance & Resources

Contact Officer: Name: James Hengeveld Tel: 29-1242

Email: James.hengeveld@brighton-hove.gov.uk

Ward(s) affected: All

## FOR GENERAL RELEASE

## 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Part 1 of the Local Government Act 2003, which introduced a new capital finance system with effect from April 2004, requires each local authority, inter alia, to:
  - comply with the requirements of 'the Code of Practice for Treasury Management in the Public Services' issued by CIPFA; and
  - comply with investment guidance issued by the Secretary of State
- 1.2 The Code of Practice requires each local authority to set out its strategy on treasury management for the forthcoming year. The purpose of this report is to recommend a treasury management policy statement (TMPS) and treasury management practices for the financial year commencing 1 April 2016.
- 1.3 At the meeting in March 2015 Policy & Resources Committee approved the Treasury Management Statement and Treasury Management Practices for 2015/16 and subsequent years. There are no changes recommended to the Statement or Practices.
- 1.4 The investment guidance relates to the annual investment strategy, which is subject to a separate report to Policy & Resources Committee and full Council elsewhere on this agenda.

#### 2. RECOMMENDATIONS:

- 2.1 That Policy & Resources Committee note that there are no changes to the Treasury Management Policy Statement and Treasury Management Practices approved by Policy & Resources Committee on 19 March 2015.
- 2.2 That Policy & Resources approve the Borrowing Strategy as set out in Appendix 3 to this report.

## 3. CONTEXT/ BACKGROUND INFORMATION

3.1 The recommended TMPS follows the drafting format within the Code of Practice. The treasury management practices identify the practices and procedures that will be followed to achieve the aims of the Statement. These practices remain

- unchanged from previous years and are considered 'best practice' under the Code.
- 3.2 The treasury management practices are supplemented by a number of "schedules" which have not been reproduced in Appendix 1 as they have not changed in a number of years. These schedules contain specific details of the systems and routines to be employed and the records to be maintained which underpin the treasury management function.
- 3.3 The Borrowing Strategy is largely determined by the borrowing needs of the council and forecasts of future interest rates. An up-to-date economic analysis and the latest interest rate forecasts are presented in Appendix 2 to this report.
- 3.4 The Borrowing Strategy, as set out in Appendix 3, focuses on reconciling the benefit of undertaking low cost long term funding with the short term cost of carrying additional debt in a low investment rate environment. The Strategy recommends a further reduction in the utilisation of cash balances to fund the borrowing requirement.
- 3.5 The treasury management service is subject to detailed audit each year. The most recent audit has been carried out in February 2016 and is due to report in March. This includes the control environment operating and management of risks for Treasury Management. Appendix 4 sets out the current scheme of delegation.
- 3.6 Under the Prudential Code a number of prudential indicators must be set annually by the council prior to the commencement of the financial year. The indicators for 2016/17 were agreed by Budget Council on 25 February 2016.
- 3.7 HRA housing debt and General Fund debt are managed as separate debt pools. The underlying principles of the 2016/17 Strategy are the same for both debt pools. However, where appropriate, the Strategy is amended where the management of each debt pool requires a different approach.

## **Training & Qualifications**

- 3.8 External training courses for the treasury management team will be considered for value and benefit. Records of individual training will be kept in accordance with the procedures introduced by the council for such purposes. Career development and succession arrangements will also be in accordance with council policy on such arrangement.
- 3.9 Details of the qualifications for treasury staff are set out in the job descriptions and person specifications appertaining to each post. Secondments (if any) will be recorded in accordance with council policy on such instances.
- 3.10 Member training on treasury management is seen as an important tool in the scrutiny of the service. A course entitled "An introduction to treasury management", which gives an overview of treasury management, is available. The course explains what treasury management is, the aims & objectives of the service and an understanding of the key risks. It also covers how the council manages investment risk.

### **Use of Advisors**

- 3.11 The council currently uses an external cash manager to administer part of its investment portfolio. The current manager, Aberdeen Asset Management, was appointed in March 2006 following a competitive selection process. The performance of the cash manager fund has exceeded its benchmark in 2015/16, but fund performance has dropped compared to previous years and has been below the performance of the in-house team. Officers therefore consider it prudent to review the continued management of these funds. The Annual Investment Strategy, elsewhere on this agenda, provides some more details as to the options being explored.
- 3.12 The council uses Capita Asset Services as its external treasury advisors. The advisors are expected to be proactive in analysing information to assist the inhouse treasury team to meet its targets on the cost of long term borrowing and investment returns and advise on developments in the treasury management field.
- 3.13 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.
- 3.14 The contract with Capita Asset services came to an end in November 2015. A tender process was undertaken utilising a public sector framework which resulted in Capita Asset Services being awarded a new three year contract to November 2018.

## 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 This report confirms there are no changes to the treasury management policy statement approved by Policy & Resources last year. The Strategy continues with the strong emphasis on risk management and the impact this may have on the performance of the treasury management service.

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The council's external treasury advisors have been consulted in the drafting of this report. No other consultation was necessary.

### 6. CONCLUSION

6.1 Treasury management is governed by a code that is recognised as "best and proper practice" under the Local Government Act 2003. The code requires local authorities to report annually in advance on their treasury management plan and strategy. This report fulfils this requirement.

## 7. FINANCIAL & OTHER IMPLICATIONS:

## Financial Implications:

7.1 The Financing Costs budget has been prepared on the basis of the borrowing strategy set out in Appendix 3 and the interest rate forecasts and economic forecast set out in appendix 2.

Finance Officer Consulted: James Hengeveld Date: 24/02/16

## Legal Implications:

7.2 This report is made in accordance with Part 1 of the Local Government Act 2003. The statutory framework for the Prudential Code referred to in paragraph 3.6 is regulation 2 of the Local Authority (Capital Finance & Accounting) Regulations 2003.

It is a proper function of Policy & Resources Committee to approve the council's TMPS and Borrowing Strategy.

Lawyer Consulted: Elizabeth Culbert Date: 25/02/16

## Equalities, Sustainability Implications and other significant implications

7.3 There are no direct implications arising from this report

## **SUPPORTING DOCUMENTATION**

## **Appendices:**

- 1. Treasury Management Policy Statement 2016/17 and Treasury Management Practices 2016/17
- 2. Economic Outlook and Interest Rate prospects
- 3. Borrowing Strategy and Indicators 2016/17
- 4. Treasury Management Scheme of Delegation

## **Documents in Members' Rooms**

None

## **Background Documents**

- 1. Part I of the Local Government Act 2003 and associated regulations
- 2. Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes' published by CIPFA third edition 2011
- 3. 'Treasury Management in the Public Services Guidance notes for local authorities ... " published by CIPFA fourth edition 2011
- 4. 'The Prudential Code for Capital Finance in Local Authorities' published by CIPFA third edition 2011
- 5. Brighton & Hove City Council Anti-Money Laundering Policy approved by full Council on 19 January 2006

## Brighton & Hove City Council Treasury Management Policy Statement 2016/17

There are no changes to the *Treasury Management Policy Statement 2015/16 and subsequent years* approved by Policy & Resources Committee in March 2015.

# Brighton & Hove City Council Treasury Management Practices ('TMPs') 2016/17 and subsequent years

The council's treasury management practices identify the practices and procedures that will be followed to achieve the aims of the Treasury Management Policy Statement.

There are no changes to the *Treasury Management Practices 2015/16 and subsequent years* approved by Policy & Resources Committee in March 2015.

## Brighton & Hove City Council Economic Overview and Interest Rate prospect 2016/17

## **ECONOMIC OVERVIEW** (Source – Capita Asset Services, February 2016)

There has been some market unease coming into 2016 fuelled by weaker economic performance in China, a continuation of price pressures on commodities (particularly oil), and a re-pricing of credit risk in respect of major financial institutions. As a result, a number of major economies have implemented or mooted further economic stimulus, including Japan's surprise implementation of negative interest rates. Additionally, Janet Yellen, governor on the board of the US Federal Reserve, has indicated in her February speech that US official rate rises may be slower than originally anticipated in December.

Bank of England Governor Mark Carney has also given indications that a rise in UK interest rates are likely to be pushed back, citing weak growth, pressure on wages, and low inflation as main factors. Current economic forecasts show interest rate rises pushed back to the last quarter of 2016.

The economic environment in general has been volatile and as such, economic forecasting remains difficult with so many external influences weighing on the UK. Confidence remains a significant factor in the economic outlook: ongoing volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact via a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries which could well feed through into an increase in consumer expenditure and demand in the UK economy.

### **INTEREST RATE PROSPECTS**

A forecast of interest rates over the medium term is set out in Table A below.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Eurozone sovereign debt difficulties have not gone away, and are arguably merely postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods. Additionally, investor fear may cause further safe haven investments which will affect gilt rates (and therefore PWLB rates);
- Uncertainty around the risk of a UK exit from the EU is likely to cause volatility in UK markets as investors re-assess UK risk.
- Other external influences such as the pace of global growth, inflation levels, and the impact of monetary policy on sustainable growth across the globe will cause re-assessment by investors which will impact gilt rates, and therefore PWLB rates.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
   Capita Asset Services have provided average investment return (Table A), which have been reflected in the 2016/17 budget and the Medium Term Financial Strategy.
- Borrowing interest rates have been volatile during 2015 as alternating bouts of good and bad news have promoted optimism and then pessimism in financial markets. Borrowing rates have reached historical lows at the end of 2015 and early 2016 as a result of the continuation of falling commodity prices, the flight to safe havens arising from geo-political tensions and emerging country economy weakness, and credit risk re-pricing of financial institutions and mining companies.
- Officers have already taken advantage of these very low rates with £15.000m of new borrowing undertaken during 2015/16 to reduce the council's under borrowing position.
- There remains a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns. Achieving an appropriate balance between long term benefits compared to the short term cost of carry will be a fundamental consideration for any borrowing decisions undertaken in the next three years.

Table A – Interest Rate forecasts April 2016 to March 2019 (annual averages)

	Bank	Returns on	Long-term borrowing rates		rates
	Rate	Investments	5 year	25 year	50 year
2016/17	0.52%	0.60%	1.96%	3.28%	3.13%
2017/18	0.92%	1.25%	2.41%	3.57%	3.37%
2018/19	1.42%	1.75%	2.88%	4.53%	3.62%

(Source - Capital Asset Services: Interest Rate Forecast, February 2016)

#### **Borrowing Strategy and Indicators 2016/17**

The capital expenditure plans of the council are set out in the Capital Programme Report approved by Policy & Resources Committee on 11 February 2016 and full Council on 25 February 2016. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans. This involves both the organisation of the cash flow and where required, the organisation of appropriate borrowing facilities.

As a response to the economic climate, the Council had previously been following a strategy of repaying debt and funding its borrowing requirement through utilising cash balances which were supporting the Council's reserves and balances (known as under borrowing). This was a prudent strategy which has allowed the council to minimise the cost of carry on its borrowing, and reduce its counterparty exposure risk.

This strategy was amended in 2015/16; Table 1 below shows the net borrowing requirement (i.e. after allowing for provision to repay debt) and the level of reserves that is funding the borrowing requirement (under borrowing) over the next three years. The table demonstrates that the Council is currently funding its borrowing requirement with approximately £53.0m of reserves and balances and cash flows but this figure will decline in subsequent years. The 2016/17 budget uses certain reserves to meet one off costs, and this will reduce the availability of cash backed resources to fund the borrowing requirement. Additionally, the Capital Investment Plans set out in the Capital Programme Report presented to Policy & Resources Committee on 11 February 2016 shows an expectation of large capital borrowing requirement over the next 3 years. These factors increase the need to borrow externally to ensure the availability of cash to meet these commitments.

Subsequently, officers, in consultation with the council's treasury advisors, set some trigger points for taking on new borrowing during 2015/16. Both trigger rates set have been met, which has led to the council undertaking two tranches of £5.000m borrowing at very attractive rates. To further reduce the under borrowing position, the Financing budget has been prepared to allow for a further £10.000m of borrowing to be undertaken over the next two years with the first £5.000m forecast for 2016/17. As a result of rates falling to historical lows again in February 2016, the £5.000m within 2016/17 budget was bought forward into 2015/16 to secure borrowing at very low cost. Officers will consider bringing forward the 2017/18 tranche of £5.000m if it is considered that the long term benefits of doing so will outweigh any short term cost of carrying the debt for an additional year.

Table 1 – Projected borrowing requirement (excluding PFIs and other long term liabilities) and under borrowing position

	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m
General Fund				
Borrowing Requirement - start of the year	162.7	180.9	188.7	213.4
Increase in borrowing requirement	25.2	15.9	33.2	44.2
Provision to repay debt	(7.0)	(8.1)	(8.5)	(10.4)
Borrowing Requirement - end of the year	180.9	188.7	213.4	247.2
	127.9	140.4	179.4	222.0

Actual Borrowing Under/(over) borrowing position	53.0	48.3	34.0	25.2
Housing Revenue Account				
Borrowing Requirement - start of the year	115.9	117.4	140.5	150.7
Increase in borrowing requirement	4.5	26.1	10.7	

(3.0)

117.4

117.4

(0.0)

(3.0)

140.5

140.5

(0.0)

(0.5)

150.7

150.7

(0.0)

(0.9)

149.8

149.8

(0.0)

#### Interest rate risk

Provision to repay debt

**Actual Borrowing** 

Borrowing Requirement - end of the year

Under/(over) borrowing position

The under borrowing position illustrated in Table 1 above demonstrates the extent to which the council is exposed to interest rate risk. As Appendix 2 outlines, borrowing rates have been historically low, and expected to rise in the medium term.

Officers will monitor market interest rates and adopt a pragmatic approach to changing circumstances in order to minimise the financial impact any adverse movement on interest rates on the Council's debt and investment portfolios;

- Long term borrowing will be postponed where it was felt there was a significant risk of a sharp fall in long term interest rates
- The borrowing position will be re-appraised and considered where it was felt that there was a significant risk of a sharp rise in long term interest rates with the likely action that new long term borrowing will be raised whilst interest rates are expected to be lower than in subsequent years.

Consideration will be given to the following borrowing options, which will be assessed appraised to seek the most appropriate option at the time:

- Short term borrowing (i.e. repayable for less than a year)
- PWLB variable rate loans for up to 10 years
- PWLB fixed rate loans up to 50 years
- Market loans that offer comparable or better terms to that set out above
- Bond issues by the Municipal Bonds Agency where they offer comparable or better terms than the other options outlined above.

The length and type of borrowing will depend upon factors including prevailing interest rates, interest rate expectations and the maturity profile of the council's existing portfolio.

#### Policy on Borrowing in advance of need

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. With long term fixed interest rates at risk of being higher over the next few years (see Table A, Appendix 2) officers will consider the borrowing in advance of need in order to minimise the expected cost of borrowing. Any decision to borrow in

advance will be within the forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the Treasury Management reporting process.

#### **Debt Rescheduling**

Table 2 shows the level of maturing debt over the next three years. The council has a number of loans where the lender may vary the interest rate, after which the council would have the right to repay. Based on the latest interest rate projections (Table A, Appendix 2), it is considered very unlikely that these loans would be repaid early – however, debt that is repaid early will have implications on both the GF and HRA debt portfolios.

	2016/17	2017/18	2018/19
Maturing Debt	£3.7m	£1.7m	£2.4m
Debt subject to early repayment options	£55.0m	£5.0m	£0.0m
Total debt at risk of maturity	£58.7m	£6.7m	£2.4m

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Policy & Resources Committee within the normal Treasury Management reporting process and/or Target Budget Management process following its action.

#### **Municipal Bonds Agency**

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The

council will consider borrowing from the agency if the terms offered are in line with the council's borrowing needs.

#### **Borrowing prudential Indicators**

The following borrowing indicators were approved as part of the budget report at full Council on 25 February 2016.

#### Limits to borrow activity

Prudential Indicators D1, D2 and D3 set the limits of external borrowing

The operational boundary is the point at which external debt is not expected to be exceeded. The Authorised Limits is a control on the maximum level of borrowing, defined as the statutory limit under Section 3 (1) of the Local Government Act 2003. External debt is prohibited beyond the Authorised Limit and any revision to the limit would need approval by full Council.

## <u>Prudential indicators (D1) "Authorised limit" and (D2) "Operational boundary" 2016/17 to 2018/19</u>

	2016/17 Estimate		2017/18 Estimate		2018/19 Estimate	
Authorised limit						
- Borrowing	£350m		£385m		£420m	
- Other I/term liabilities	£54m	£404m	£52m	£437m	£50m	£470m
Operational boundary						
- Borrowing	£338m		£373m		£407m	
- Other I/term liabilities	£54m	£392m	£52m	£425m	£50m	£457m

Separately, the Council is also limited to a maximum HRA CFR through the HRA self financing regime. This limit is currently:

#### Prudential indicators (D3) HRA Limit on indebtedness 2016/17 to 2018/19

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
HRA limit on indebtedness	£156.8m	£156.8m	£156.8m
HRA Debt	£139.2m	£149.3m	£148.4m
Headroom	£17.6m	£7.5m	£8.4m

#### **Treasury management Indicators**

Prudential Indicators E2, E2a and E3 below are intended to manage the risk of adverse movement in interest rates and risk associated with refinancing maturing debt.

## <u>Prudential indicator (E2) – Upper limits on net debt interest rate exposure 2016/17 to 2018/19</u>

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	108%	108%	107%

Upper limit on variable interest rate exposure	43%	43%	43%
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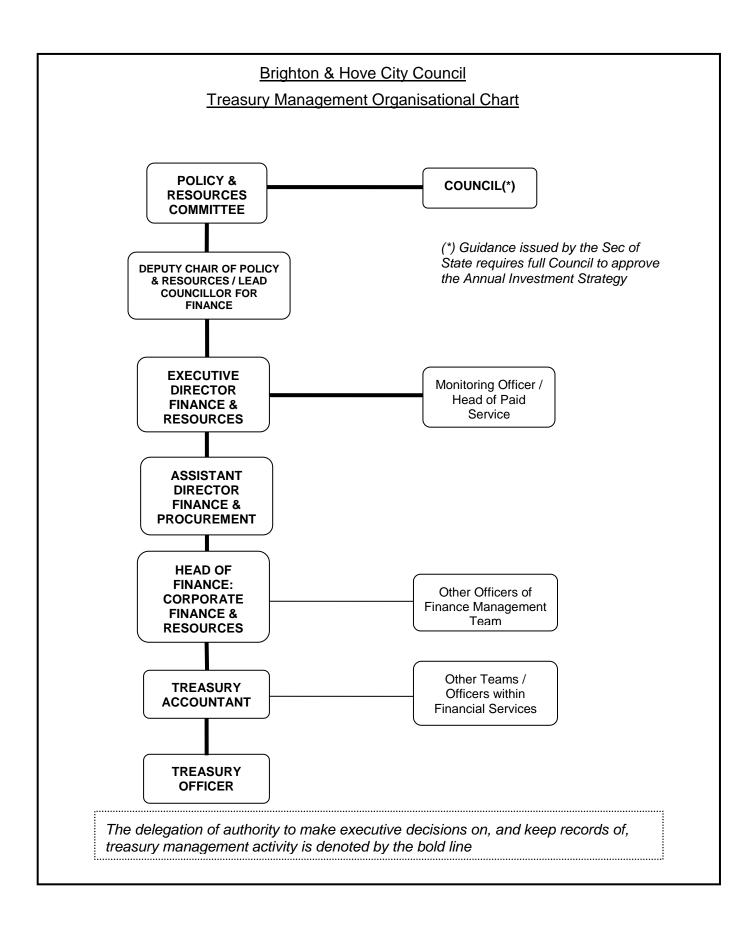
The percentages in Indicator E2 are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 109% is a consequence of the council maintaining an investment portfolio. Indicator E2a exemplifies the indicator over borrowing and investment.

## <u>Prudential indicator (E2a) (supplemental) – Upper limits on interest rate exposure 2016/17 to 2018/19</u>

2016/17	2017/18	2018/19
100%	100%	100%
40%	40%	40%
100%	100%	100%
100%	100%	100%
	100% 40% 100%	100% 100% 40% 40% 100% 100%

## <u>Prudential indicator (E3) – Upper and lower limits on the maturity structure of borrowing 2016/17</u>

	Upper limit	Lower limit
under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	40%



## POLICY & RESOURCES COMMITTEE

#### Agenda Item 145

**Brighton & Hove City Council** 

Subject: Annual Investment Strategy 2016/17

Date of Meeting: 17 March 2016 – Policy & Resources

24 March 2016 - Council

Report of: Acting Director Finance & Resources

Contact Officer: Name: James Hengeveld Tel: 29-1242

Email: james.hengeveld@brighton-hove.gov.uk

Ward(s) affected: All

#### FOR GENERAL RELEASE

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Local Government Act 2003 introduced a prudential capital finance system whereby levels of borrowing and investments are decided locally by each council.
- 1.2 Guidance issued under the Act requires a local authority to approve an annual investment strategy which gives priority to security and liquidity and requires the council to set out:
  - its policy on determining the credit-worthiness of its investment counterparties and the frequency at which such determinations are monitored:
  - its policy on holding investment instruments other than deposits held in financial institutions or government bodies;
  - its policy on determining the maximum periods for which funds may be invested:
  - its policy on the minimum level of investments to be held at any one time.

#### 2. **RECOMMENDATIONS:**

2.1 That Policy & Resources Committee recommend to full Council the approval of the Annual Investment Strategy 2016/17 as set out in Appendix 1 to this report.

#### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Annual Investment Strategy (AIS) for 2016/17 is set out in Appendix 1 to this report and covers investments made by the in-house treasury team and the council's external cash manager. The council currently uses a cash manager to take advantage of investment opportunities in specialist markets not covered by the in-house team, such as government stock. The AIS gives priority to security and liquidity.
- 3.2 Security is achieved by:

- selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base, and:
- limiting the amount invested with any one institution.
- 3.3 The council uses independent credit rating agencies to assess the creditworthiness of investment counterparties. Aside from some specific exemptions (as set out in 1.3.3 of Appendix 1), the AIS 2016/17 continues with the policy of assessing creditworthiness by applying the lowest rating issued by the three main rating agencies Fitch, Moody's and Standard & Poor's. In the majority of cases the ratings issued by the three agencies are aligned but this is not always the case.
- 3.4 Rating criteria are only one factor taken into account in determining investment counterparties. Other factors such as counterparty Credit Default Swap prices, credit watches and outlooks and articles in the financial press will continue to be monitored. Action will be taken where it is felt the risk attached to a particular counterparty has or is likely to worsen. Action will include the temporary suspension of a counterparty if considered appropriate.
- 3.5 Liquidity is achieved by limiting the maximum period for investment and matching investment periods to cash flow requirements.

#### Changes to the Annual Investment Strategy 2016/17

#### Review of externally managed investments

- 3.6 In 2006 the council appointed a cash manager to manage £25m of funds on its behalf. The performance of the cash manager fund has exceeded the benchmark in 2015/16, but fund performance has dropped compared to previous years and has been below the performance of the in-house team. Officers therefore consider it prudent to review the continued management of these funds. Officers have explored a number of options in consultation with the council's treasury advisors which prioritise the security of the authority's monies whilst obtaining a yield which is in line with the council's appetite for risk.
- 3.7 Initial groundwork has shortlisted a number of options to be explored further including managing some or all of these funds in-house. As a result, it is recommended that:
  - The list of permitted investment instruments be extended to allow the council to take advantage of investment instruments which it has the authority to enter into under statute but which have not previously been utilised. These are listed in the section 3.8.
  - The investment counterparty limits are increased to enable the in-house team to invest any additional funds effectively.

#### **Permitted types of Investment Instruments**

3.8 Section 5 of the Annual Investment Strategy (Appendix 1) outlines the permitted instruments in which the in-house treasury team can invest. The permitted instruments has been expanded to include the following:

- Property Funds
- Corporate Bonds
- Bond Funds
- 3.9 These instruments will only be utilised following a thorough due diligence process supported by the council's treasury advisors. This process will set out in detail the potential risks and rewards and include a report to the Member Budget Review Group.

#### Increase in counterparty investment limits

- 3.10 The borrowing strategy adopted following the economic downturn was to use reserves to reduce borrowing (i.e. under borrowing). This strategy reduced counterparty risk whilst reducing borrowing costs with minimal loss of investment interest. Due to the expected reduction of certain reserves over the next 4 years the strategy was amended in 2015/16. Borrowing of £15.000m was entered into in this financial year to take advantage of exceptionally low long term borrowing rates and thereby reduce the council's under borrowing position. Any new borrowing, unless immediately spent, increases the council's balances available for investment.
- 3.11 Additionally, the council's average investment balances have increased from £68.516m in 2012/13 to £79.458m in 2015/16 to date. Consequently, the counterparty limits in tables 3 & 4 in appendix 1 have been extended to ensure sufficient capacity within the strategy for the council to accommodate this increase in investments and ensure investments remain with high quality counterparties.
- 3.12 Increasing counterparty limits presents a possible risk of having an investment portfolio which is too concentrated over a small number of institutions. To ensure the risk of this is mitigated, the proportion of the portfolio invested in an individual counterparty has been reduced to 25% of the relevant sector under 1.3.1 of appendix 1.

#### Investments held with the council's banking provider

- 3.13 Currently the council assesses Lloyds Bank in the same way that other banks are assessed. Under the 2015/16 limits this allows investments with Lloyds of £10m for up to 1 year. The 2015/16 AIS was amended and approved by full Council on 16 July 2015 and one of the amendments was to allow an "operational limit" with Lloyds Bank. This change allows up to £2.000m of cash to remain in the council's current account overnight, thereby allowing the Treasury Team to manage the council's cash as efficiently as possible.
- 3.14 After discussions with our advisers it is recommended that the investment limit with Lloyds Bank is increased by £5m to reflect the fact that Lloyds provide banking services to the council. This will assist with day to day investment decisions and provide an opportunity to support a new low risk investment product recently introduced by Lloyds which provides loans to local businesses.

3.15 Officers will monitor Lloyds Bank and consider the factors outlined above in paragraphs 3.3 & 3.4 to ensure a supplementary investment limit remains appropriate. The additional £5.000m lending limit will be reviewed and action may be taken if deemed appropriate. Action taken may include the temporary suspension of the additional investment limit if there is any evidence of deterioration of the bank's financial position. Furthermore, risk will be managed through the amendment to maximum exposure to one counterparty as outlined above in paragraph 3.12.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 This report sets out the council's annual investment strategy for the year commencing 1 April 2016. The AIS continues with the strong emphasis on risk management and liquidity, two cornerstones to the draft guidance issued by the Secretary of State and the impact these have on investment performance.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The council's external treasury advisors have been consulted in the drafting of this report.

#### 6. CONCLUSION

6.1 The 2010 investment guidance requires that local authorities produce an investment strategy to be approved and amended by full Council. This report fulfils that requirement

#### 7. FINANCIAL & OTHER IMPLICATIONS:

#### **Financial Implications:**

7.1 The financial implications arising from the AIS have been included in the Financing Costs budget for 2016/17.

Finance Officer Consulted: James Hengeveld Date: 24/02/16

#### Legal Implications:

7.2 The legal framework for the council's Annual Investment Strategy is Part 1, chapter 1, of the Local Government Act 2003, and associated statutory guidance.

It is a legal requirement for the Annual Investment Strategy to be approved by full Council. It is the role of the Policy & Resources Committee to formulate the strategy prior to consideration by full Council.

Lawyer Consulted: Elizabeth Culbert Date: 25/02/16

#### Equalities Implications:

7.3 No equalities impacts have been identified in relation to this report.

#### Sustainability Implications:

7.4 The council's ethical investment statement requests that institutions apply council deposits in a socially responsible manner. Ethical options were considered in the report to 12 July 2012 Policy & Resources Committee

**Any Other Significant Implications:** 

#### Risk & Opportunity Management Implications:

- 7.5 The investment guidance issued under the 2003 Act requires the council to assess credit worthiness by reference to an independent rating agency. The AIS 2016/17 will use the ratings assigned by Fitch, Moody's and Standard & Poor's.
- 7.6 The ratings provide an opinion on the relative ability of an institution to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The council uses credit ratings as an indication of the likelihood of receiving its money back in accordance with the terms of the investment. Other sources of information are also used to supplement that provided by the rating agencies.
- 7.7 The minimum ratings set out in the AIS have the following meaning:

	Generic criteria	<u>Fitch</u>	Moody's	Standard & Poor's
For inves	stment up to 1 year			
Short- term	Good capacity for timely payment of financial commitments. Where the credit risk is particularly good, a "+" is added to the assigned rating by Fitch and S&P	F2	P-2	A-2
For inves	stment in excess of 1 year			
Long- term	Strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	BBB	Baa	BBB

7.8 Investment risk is managed by selecting only institutions that meet the council's stringent credit rating criteria. Liquidity risk is managed by applying maximum investment periods to institutions.

#### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Annual Investment Strategy 2015/16 including the counterparty list in schedule 1.

#### **Documents in Members' Rooms**

None

#### **Background Documents**

- 1. Guidance issued by the secretary of State under Section 15(1)(a) of the Local Government Act 2003 effective from 1 April 2010
- 2. The Prudential Code for Capital Finance in Local Authorities published by CIPFA fully revised third edition 2011

## BRIGHTON & HOVE CITY COUNCIL

# ANNUAL INVESTMENT STRATEGY 2016/17

The Annual Investment Strategy is subject to approval by Policy & Resources Committee on 17 March 2016 and by full Council on 24 March 2016

## Brighton & Hove City Council Annual Investment Strategy 2016/17

This Strategy complies with guidance issued by the Secretary of State on investments and sets out the council's policy on investment criteria and counterparties. It should be noted that the minimum criteria set out in this document is only one factor taken into account for the investment of council funds. Other factors, such as Government guarantees and support and information available from the financial press and similar publications will also be taken into account when determining investment decisions. Counterparties that satisfy the minimum criteria are not automatically included on the council's approved investment list.

## 1 Criteria to be used for creating / managing approved counterparty lists / limits

Each counterparty included on the Council's approved lending list must meet the criteria set out below. Without the prior approval of the Council, no investment will be made in an instrument that falls outside the list below.

#### 1.1 Capital security

Table 1 sets out the minimum capital security requirements for an investment to be made.

Table 1 – Minimum	Table 1 – Minimum capital security requirements				
Banks/building societies with a credit rating	The institution must have a minimum short term rating of good credit quality				
Building societies that do not satisfy the minimum rating criteria above	The society must have an asset base in excess of £5 billion				
Money market funds / CCLA Public Sector Deposit Fund	The rating of the fund meets the minimum requirement of triple A ('AAA' / Aaa)				
Debt Management Account Deposit Facility	The deposit is made in accordance with the rules and regulations relating to such investment as issued by the Debt Management Office from time to time				

#### 1.2 Maximum permitted investment by sector

Table 2 sets out the maximum permitted investment for each sector.

Table 2 – Maximum permitted investment by sector			
<u>Sector</u>	Percentage of total investment portfolio at the time the investment made		
Banking sector	100%		
Building society sector	75%		
Local authority sector	100%		
Money market funds / CCLA Public Sector Deposit Fund	100%		
Debt Management Account Deposit Facility	50%		
Maximum amount invested for more than 1 year	25% (excl. funds administered by external cash manager)		

#### 1.3 Maximum permitted investment by counterparty

#### 1.3.1 General

With the exception of money market funds, CCLA Public Sector Deposit Fund and the Debt Management Account Deposit Facility, no one counterparty may have more than 25% of the relevant sector total at the time the investment is made.

#### 1.3.2 Rated counterparties

Table 3 sets out the exposure limits and maximum periods for deposits based on various credit ratings.

Table 3 – Exposure limits and maximum periods per counterparty							
	(with rating)						
	A rating of at least (lowest of Fitch (F) / Moody's (M) / Standard & Poor's (SP))						
Short-term rating	F = F1+ M = P-1 SP = A-1+	F = F1+ M = P-1 SP = A-1+	F = F1 M = P-1 SP = A-1	F = F2 M = P-2 SP = A-2			
Long-term rating	F = AA+ M = Aa1 SP = AA+	F = AA- M = Aa3 SP = AA-	F = A M = A2 SP = A	F = BBB M = Baa SP = BBB			
Exposure Limit	£25m	£25m	£15m	£10m			
Maximum period – fixed deposits	3 years	2 years	1 year	6 months			
Maximum period – negotiable instruments	5 years	5 years	1 year	6 months			

In addition, investment in money market funds and open ended investment companies with a rating of 'triple A' (i.e. AAA / Aaa) is permitted up to a value of £10 million per fund.

#### 1.3.3 Exceptions

The methodology for determining exposure limits and maximum periods per counterparty will be determined in all cases by Table 3 with the following exceptions:

- The Royal Bank of Scotland is deemed to have the highest rating irrespective of the actual rating assigned to them as a result of being "part-nationalised". As a result, the limits on the amount advanced and length of investment will be £25 million and 1 year respectively.
- An additional operating limit of £2 million and an additional investment limit of £5m will be provided for the Council's provider of transactional banking services (Lloyds Bank plc).
- The following major UK Banks for which the highest applicable rating will be will be applied in place of the lowest:
  - Barclays Bank plc
  - HSBC Bank plc
  - Lloyds Bank plc & Bank of Scotland plc

- Nationwide Building Society
- Santander UK plc
- The Royal Bank of Scotland plc & National Westminster Bank plc

Where there is a significant or sudden deterioration in one or more indicators (such as CDS prices), officers will undertake a review and, where necessary take action. This action may take the form of temporary suspension of a counterparty from the council's approved lending list, or a restriction of the maximum period and investment limits.

#### 1.3.4 Non-rated counterparties

Table 4 sets out the exposure limits and maximum periods for deposits for counterparties that are not rated.

<u>Table 4 – Exposure limits and maximum periods per counterparty / fund</u> (with no rating)			
Counterparty	Exposure Limit	Maximum period	
Local authority	£10 million	5 years	
Non-rated building society with an asset base in excess of £5bn	£5 million	6 months	
Debt Management Account Deposit Facility	Unlimited	6 months	

#### 1.3.5 Cash manager

For the purposes of investments made by the Council's external cash manager, the criteria in Table 5 will apply:

<u>Table 5 – Exposure limits and maximum periods per counterparty</u> (Cash manager)				
Instrument	Exposure Limit	Maximum period		
Government stock	100% of Fund	10 years		
Supra-national with minimum long-term rating of 'AA-' / Aa3 / AA-"	100% of Fund	10 years		
Regulation collective investment schemes	100% of Fund	n/a		
Fixed term investments – minimum short-term rating of 'F1 / P-1 / A-1'	10% of Fund or £2.5m whichever is the greater	1 year		
Fixed term investments – minimum long-term rating of 'AA- / Aa3 / AA-'	10% of Fund or £2.5m whichever is the greater	5 years		

In addition to Table 5, the maximum average duration of the fund managed by the cash manager shall not exceed 4 years. All instruments used by the cash manager with a maturity of 3 months or more shall be negotiable.

#### 1.4 Investment classification (regulatory)

The investment guidance issued by the Secretary of State requires the council to identify investments as either 'specified' or 'non-specified'. Table 6 sets out the requirements for each type.

Table 6 – Investment classification				
<u>Requirement</u>	Specified	Non-specified		
Currency	Must be in Sterling	Any currency		
Maturity period	Up to 12 months	Over 12 months		
Credit worth	Counterparty with high credit rating or UK government or local authority	Other		

All investments made by the Council are denominated in Sterling and are made only in counterparties as set out in paragraph 1.3 above.

The maximum amount invested in non-specified investments will be 50% of the total value of investments. The use of non-specified investments is limited to:

- (a) investment in non-rated building societies with an asset base in excess of £5bn, or
- (b) investment for longer than 12 months in counterparties that meet the minimum long-term rating detailed in Tables 3 and 5 above.

## 2 Approved methodology for changing limits and adding / removing counterparties

A counterparty shall be removed from the Council's list where a change in their credit rating results in a failure to meet the criteria set out above.

A new counterparty may only be added to the list with the written prior approval of the Director of Finance & Resources and only where the counterparty meets the minimum criteria set out above.

A counterparty's exposure limit will be reviewed (and changed where necessary) following notification of a change in that counterparty's credit rating or a view expressed by the credit rating agency warrants a change.

A counterparty's exposure limit will also be reviewed where information contained in the financial press or other similar publications indicates a possible worsening in credit worth of a counterparty. The review may lead to the suspension of a counterparty where it is considered appropriate to do so by the Director of Finance & Resources.

#### 3 Full individual listings of counterparties and counterparty limits

For 2016/17, with the exception of the list of high quality AA rated Non-UK banks within AA rated countries specified below, investment by the in-house treasury team will be restricted financial institutions incorporated within the UK and regulated by the Financial Conduct Authority.

The in-house treasury team is able to invest in the following Non-UK banks:

- Australia & New Zealand Banking Group Limited (Australia)
- Bank Nederlandse Gemeenten (The Netherlands)
- Commonwealth Bank of Australia (Australia)
- DBS Bank Ltd (Singapore)
- Landwirtschaftliche Renenbank (Germany)
- National Australia Bank (Australia)
- National Bank of Abu Dhabi (Abu Dhabi, UAE)
- Nederlandse Waterschapsbank N. V. (The Netherlands)
- Nordea (Finland)
- NRW. BANK (Germany)
- Overseas Chinese Banking Corporation Limits (Singapore)
- Royal Bank of Canada (Canada)
- Svenska Handelsbanken (Sweden)
- The Bank of New York (BNY) Mellon (USA)
- Toronto Dominion (Canada)
- United Overseas Bank Limited (Singapore)
- Wells Fargo Bank NA (USA)
- Westpac Banking Corporation (Australia)

A full list of counterparties in which the Council will invest surplus funds, together with limits and maximum investment periods is contained in Schedule 1 to this AIS.

There is no pre-determined list for investments made by the cash manager but all counterparties must meet the minimum criteria as set out in Table 5 above.

#### 4 Details of credit rating agencies' services

Credit ratings will be based on those issued periodically by the Fitch Ratings Group, Moody's and Standard & Poor's.

#### 5 Permitted types of investment instrument

All investments must be denominated in Sterling.

The in-house treasury team may invest in fixed term and variable term cash deposits, money market funds and open ended investment companies. The in-house treasury team may only invest in negotiable instruments (including Certificates of Deposit, Enhanced Cash Funds, Property Funds, Bond Funds and Corporate Bonds) where to do so offers additional value in terms of investment return and appropriate and supporting advice has been sought from the council's external treasury advisors on the suitability of such an investment.

The cash manager may invest in government stock, supranational institutions, regulation collective investment funds and fixed term instruments. All investments with a maturity of 3 months or more shall be negotiable.

#### 6 Investment risk

#### 6.1 Assessment of credit risk

Whilst the AIS relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for the in-house treasury team to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

#### 6.2 Investment risk matrix

The weighted average benchmark risk factor for 2016/17 is recommended to be 0.05%, the same as 2015/16. This benchmark is a simple target (not limit) to measure investment risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that the in-house treasury team will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported with supporting reasons in the mid year or end of year reviews.

#### 6.3 Investment advisors

The council appoints treasury advisors through a regular competitive tendering process. One of the services provided by Capita Asset Services is the provision of updated credit ratings and "watches" issued by the three rating agencies. In addition Capita Asset Services are proactive in providing additional market information as set out in paragraph 6.1 above.

#### 6.4 Investment training

The council's advisors have a wide-ranging programme of training giving council officers access to seminars and printed material. The council's inhouse treasury team is experienced in dealing with investments but where necessary further training and updates will be provided. Appropriate training will be made available to all Members who are involved in the treasury management decision-making process.

#### 6.5 Investment of money borrowed in advance

The council has the flexibility to borrow funds in advance of need (i.e. to fund future debt maturities). The Director of Finance & Resources may do this where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial over the life of the loan or meet budgetary constraints.

Borrowing in advance will be undertaken within the constraints set out in the Treasury Management Strategy. The risks associated with such borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or end of year reviews.

#### 6.6 Investment liquidity

Liquidity is achieved by limiting the maximum period for investment and by investing to dates where cash flow demands are known or forecast.

#### 7 Ethical investment statement

The Council has approved the following ethical investment statement that will apply to all cash investments made by, or on behalf of, the Council

"Brighton & Hove City Council, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:

- encouraging those institutions to adopt and publicise policies on socially responsible investments;
- requesting those institutions to apply council deposits in a socially responsible manner."

Counterparties shall be advised of the above statement each and every time a deposit is placed with them.

#### 8 Glossary

Long-term – period in excess of 12 months

<u>Negotiable instrument</u> – an investment where the council can receive back the amount invested earlier than originally agreed (subject to conditions)

Non-specified investment – see Table 6 above

Short-term – period up to and including 12 months

Specified investment – see Table 6 above

<u>Supranational</u> – an organisation that encompasses more than one nation, such as the World Bank

#### **Brighton & Hove City Council**

Banks and Other Institutions - In-house Treasury Team
Annual Investment Strategy 2016/17

Annual Investment Strategy 2016/17									
<u>Counterparty</u>	Specified/ Non-	SI	hort-ter	<u>m</u>	<u>l</u>	<u>-ong-tern</u>	<u>n</u>	Max amount	Max period –
	specified	F = Fite	F = Fitch M = Moody's SP = Standard & Poor's			<u>arrio arri</u>	fixed deposits		
		F	М	SP	F	М	SP		<u> </u>
Bank of Scotland / Lloyds Bank	Specified	F1	P-1	A-1	A+	A1	Α	£15m	1 year
Barclays Bank plc	Specified	F1	P-1	A-2	Α	A2	A-	£15m	1 year
Close Brothers	Specified	F1	P-1		Α	Aa3		£15m	1 year
Clydesdale Bank	Specified	F2	P-2	A-2	BBB+	Baa1	BBB+	£10m	6 months
Crown Agents Bank Ltd	Specified	F2			BBB			£10m	6 months
HSBC Bank plc	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
National Westminster Bank / Royal Bank of Scotland	Specified	F2	P-2	A-2	BBB+	А3	BBB+	£25m	1 year
NM Rothschild & Sons	Specified	F2			BBB+			£10m	6 months
Virgin Money plc	Specified	F2			BBB+			£10m	6 months
Santander UK plc	Specified	F1	P-1	A-1	Α	A1	Α	£15m	1 year
Standard Chartered Bank	Specified	F1+	P-1	A-1+	A+	Aa2	A+	£15m	1 years
BUILDING SOCIETIES (+)									
Coventry (3)	Specified	F1	P-1		Α	A2		£15m	1 year
Leeds (5)	Specified	F1	P-1		A-	A2		£10m	6 months
Nationwide (1)	Specified	F1	P-1	A-1	Α	A1	Α	£15m	1 year
Principality (6)	Specified	F2	P-3		BBB+	Baa3		£10m	6 months
Skipton (4)	Specified	F2	P-2		BBB+	Baa2		£10m	6 months
Yorkshire (2)	Specified	F1	P-2		A-	A3		£10m	6 months
NON-UK BANKS									
Australia & NZ Banking Group (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
Commonwealth Bank of Australia (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
National Australia Bank Ltd (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
Westpac Banking Corporation (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
Royal Bank of Canada (Canada)	Specified	F1+	P-1	A-1+	AA	Aa3	AA-	£25m	2 years
Toronto Dominion (Canada)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
Nordea bank (Finland)	Specified	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	2 years
Landwirtschaftliche Renenbank (Germany)	Specified	F1+	P-1	A-1+	AAA	Aaa	AAA	£25m	3 years
NRW.BANK (Germany)	Specified	F1+	P-1	A-1+	AAA	Aa1	AA-	£25m	2 years
Bank Nederlandse Gemeenten (The Netherlands)	Specified	F1+	P-1	A-1+	AA+	Aaa	AAA	£25m	3 years

Continued overleaf...

#### Appendix 1

Counterparty	Specified/	SI	hort-teri	<u>m</u>	<u>l</u>	ong-tern	<u>n</u>	Max	<u>Max</u>
	Non- specified	F = Fite	ch M =	Moody's	s SP = Sta	andard &	Poor's	amount	<u>period –</u> <u>fixed</u>
	-						T		<u>deposits</u>
		F	M	SP	F	М	SP		
Nederlandse Waterschapsbank N. V. (The Netherlands)	Specified		P-1	A-1+		Aaa	AAA	£25m	3 years
DBS Bank Ltd (Singapore)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
Overseas Chinese Banking Corporation Limits (Singapore)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
United Overseas Bank Limited (Singapore)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
Svenska HandelsBanken AB (Sweden)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
National Bank of Abu Dhabi (UAE)	Specified	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	2 years
Bank of New York Mellon (USA)	Specified	F1+	P-1	A-1+	AA	Aa1	AA-	£25m	2 years
Wells Fargo Bank, NA (USA)	Specified	F1+	P-1	A-1+	AA	Aa1	AA-	£25m	2 years
OTHER									
Other Local Authorities (per Authority)	Specified							£10m	5 year
Debt Management Deposit Facility	Specified							Unlimit ed	6 months
Money Market Funds (per fund)	Specified							£10m	Liquid
Enhanced Cash Funds (per fund)	Specified							£10m	Liquid

<sup>(\*)</sup> Ratings as advised by Capita Asset Services February 2016
(+) UK Building Societies ranking based on Total Asset size – Source: Building Societies Association February 2016

<sup>&</sup>lt;sup>1</sup> distinction is a requirement under the investment regulations

## POLICY & RESOURCES COMMITTEE

#### Agenda Item 146

**Brighton & Hove City Council** 

Subject: Education Capital Resources and Capital Investment

Programme 2016/2017

**Date of Meeting:** 7 March 2016 – Children, Young People & Skills

Committee

17 March 2016 - Policy & Resources Committee

Report of: Executive Director for Children's Services

Contact Officer: Name: Richard Barker Tel: 29-0732

Email: richard.barker@brighton-hove.gov.uk

Ward(s) affected: All

#### FOR GENERAL RELEASE

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 In order to determine an overall Capital Programme for Brighton & Hove City Council, each service is asked to consider its capital investment requirements, within the level of allocated resources for 2016/17.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to this service for 2016/17 and to recommend a Capital Investment Programme for 2016/17.
- 1.3 To allocate funding available in the capital programme under Structural Maintenance, Pupil Places and Condition investment for 2016/17.

#### 2. RECOMMENDATIONS:

- 2.1 That the level of available capital resources totalling £30.778 million for investment relating to education buildings financed from capital grant and revenue contributions be noted.
- 2.2 That Committee approve the allocation of funding as shown in Appendices 2 and 3 for inclusion within the council's Capital Investment Programme 2016/17.
- 2.3 That Committee grant delegated authority to the Assistant Director of Property & Design to procure the capital maintenance and basic need works and enter into contracts within these budgets, as required, in accordance with Contract Standing Orders in respect of the entire Education Capital Programme.

#### 3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Education capital programme forms part of the Council's full Capital Investment Programme which was presented to Policy & Resources Committee on 11 February 2016 and Budget Council on 25 February 2016.

#### **Capital Finance Settlement**

- 3.2 In December 2013, the Government announced a two-year settlement for the education Basic Need capital allocations for 2015/16 and 2016/17. The settlement for Brighton & Hove amounts to £24.679 million over the two years.
- 3.3 On 12 February 2015 the Government announced a further one-year settlement for the education basic need capital allocation for the 2017/18 financial year of £11.445 million. This provides for Brighton & Hove a basic need capital allocation of £36.124 million over the three year period.
- 3.4 On 9<sup>th</sup> February 2015, the Government announced the capital maintenance settlement and Devolved Formula Capital Grant for 2015/16, with indicative allocations for 2016/17 and 2017/18. These figures were updated on February 12<sup>th</sup> 2016 which has resulted in a very slight increase (£828) in the allocation for capital maintenance and Devolved Formula Capital (£3,375).
- 3.5 Both basic need and capital maintenance allocations are funded entirely through capital grant.
- The table below shows the allocations of capital grant funding announced for 2016/17 and 2015/16 grant re-profiled into 2016/17 as approved in the Targeted Budget Management 2015/16 Month9 report to Policy & Resources on 11 February 2016.

	2015/16 carried forward £m	2016/17 Settlement £m
Capital Maintenance Grant	0.609	4.910
Basic Need Funding	11.179	12.641
Devolved Formula Capital Grant*		0.539
Sub Totals	11.788	18.090
Total	29.	878

This table only includes funding allocated for building related work. It does not include budgets managed by others.

- \*Devolved Formula Capital is passed directly to schools and therefore is not available for the Local Authority to spend.
- 3.7 Additional grant funding may be made available throughout the forthcoming financial year and will be reported separately if necessary.

#### **Capital Resources**

3.8 The level of projected resources must finance all capital payments in 2016/17 including existing approved schemes, new schemes and future year

commitments. A summary of the resources available to finance these payments is shown in the table below.

	£m
Capital Grants	29.878
Revenue Contributions	0 .900
Total Capital Resources	30.778

3.9 In addition to the resources identified above, the Department for Education will allocate funding for expenditure at voluntary aided schools in Brighton & Hove under several programme headings.

#### **Capital Investment Programme**

- 13.10 Funding is now allocated under three headings only: revenue contribution for structural maintenance (under which £0.900 million is available for expenditure on schools and other educational establishments); Capital Maintenance Grant (under which £4.910 million, is available for expenditure on improving the condition of the school estate); and Basic Need Funding (under which £12.641 million is available for providing additional pupil places in the 2016/17 financial year).
- 3.11 Capital re-profiling is shown in the table in para 3.6 above and any further slippage arising from the 2015/16 capital programme will be incorporated into the 2016/17 programme when the capital accounts are closed in May 2016 and will be funded from existing resources carried forward.
- 3.12 An overall summary of expenditure for 2016/17 and 2017/18 is attached at Appendix 3 and a more detailed explanation of each item is shown below.

#### Structural Maintenance and other property related priorities

- 3.13 Funding for structural maintenance consists of £0.900 million from the transfer of revenue funding and £4.910 million from Capital Maintenance Grant from the government. The origin of the revenue funding is the Direct Schools Grant (DSG). The Schools Forum has for many years approved that £0.900 million from DSG should be pooled to support the schools capital maintenance budget.
- 3.14 Schools Forum considers the amounts retained by the LA each year. Following a member question regarding this £0.900 million allocation the LA suggested Schools Forum should discuss whether this funding was now devolved to schools. The view of Schools Forum was that the LA should retain this funding for the 2016 17 financial year but there would be further consideration of this matter at a future meeting of the Schools Forum.
- 3.15 This funding will be used to address the most urgent and important items highlighted by the condition surveys of school buildings as well as a number of programmes to address specific safety and improvement priorities as set out in paragraphs 3.22 3.25 below.

- 3.16 The Capital Maintenance Grant settlement this year is based on the figures published in February 2016.
- 3.17 A major priority of the Asset Management Plan is to reduce the amount of condition related works required in schools. A rolling programme of works has been prepared which currently shows a backlog of £30 million. It is recommended that £5.28 million from the total funding available is allocated to carry out structural maintenance works in the 2016/17 financial year.
- 3.18 The proposed programme is prioritised using the Department for Education (DfE) condition criteria. The highest level of priority is attached to the renewal or replacement of building elements which fall within Grade D (as being in bad condition, being life-expired and/or in serious risk of imminent failure) and within the 'Priority 1' or 'priority 2' definition:
  - Priority 1 Urgent work, which will prevent immediate closure of premises and/or address an immediate high risk to the health & safety of occupants and/or remedy a serious breach of legislation
  - Priority 2 Essential work, required within two years, which will prevent serious deterioration of the fabric or services and/or address a medium risk to the health & safety of occupants and/or remedy a less serious breach of legislation.
- 3.19 In the current year the total D1 priority work identified is approximately £2.9 million excluding fees (£3.195 million including fees). By allocating £4.38 million from the Capital Maintenance Grant together with the £0.9m from the revenue contribution we will be able to address all the D1 and a significant number of D2 priority works.
- 3.20 The extent of the work at each school will be determined by the condition survey and detailed investigation and scoping of the problem to be addressed. There will also be discussion with each school on the timing and scoping of the works.
- 3.21 A copy of the proposed structural maintenance programme is attached at Appendix 2 to this report.
- 3.22 Legislation on both the control of legionella and asbestos in buildings has given rise to the need to carry out works on a rolling programme to school buildings to achieve compliance with the new legislation. It is recommended that £0.150 million each be allocated to legionella and asbestos work.
- 3.23 It is recommended that £0.150 million is allocated for works identified by the Fire Risk Assessments that are the responsibility of the Local Authority.
- 3.24 Issues regarding compliance in relation to ventilation in school kitchens have been raised for a number of years. Inadequate ventilation in a kitchen environment leads to very hot and humid conditions which raise the risk of accidents, hygiene problems and potential poor health of staff. It is recommended that £0.150 million is allocated for this purpose.

- 3.25 It is also recommended that £0.100 million is allocated to carry on with the rolling programme of surveys of school premises, £0.150 million is allocated for advanced design of future projects, and £0.150 million is allocated for adaptations to schools to accommodate pupils with special mobility or sensory needs.
- 3.26 The above allocations identified in paragraphs 3.22 3.25 will leave approximately £0.139 million of the available resources for structural maintenance uncommitted this is considered prudent financial management at the start of the year.
- 3.27 In addition to the Local Authority responsibility for maintenance the schools also retain responsibility and funding for some maintenance items. This funding includes Devolved Formula Capital which the council receives from central government to passport to schools according to a formula. There is also an element in schools' delegated budgets relating to building maintenance.

#### **Basic Need Funding**

- 3.28 Basic need funding is provided to authorities who are experiencing increasing school rolls. The funding is provided to ensure that the Local Authority can meet its statutory obligation to secure a school place for every child that wants one.
- 3.29 At its meeting on 13 October 2014 the Children and Young People Committee agreed to the permanent expansion by one form of entry of Saltdean Primary School. In March 2015 the overall cost of the scheme was reported as being £2.9 million. This has unfortunately now risen to £3.21million.
- 3.30 At the time the anticipated scheme costs were reported in March 2015 the design process was not finalised and the reported costs were an estimate. As the design progressed it became apparent that the work was more extensive and complicated than previously thought and despite considerable value engineering the Agreed Maximum Price (AMP) for the scheme was higher than estimated.
- 3.31 The works are now substantially complete but there will be final payments to be made during the 2016 17 financial year.
- 3.32 At its meeting on 13 October 2014 the Children and Young People Committee agreed to the permanent expansion by one form of entry of St Andrew's CE Primary School. In March 2015 the overall cost of the scheme was reported as being £2.7 million. This has unfortunately now risen to £3.1 million.
- 3.33 At the time the anticipated scheme costs were reported in March 2015 the design process was not finalised and the reported costs were an estimate. As the design progressed it became apparent that the work was more extensive and complicated than previously thought and despite considerable value engineering the Agreed Maximum Price (AMP) for the scheme was higher than estimated.
- 3.34 This project is on track to be completed in October 2016.

- 3.35 Both of these projects have been procured using the councils Strategic Partnering contract and consequently have had a Best Value review undertaken. In both cases our independent cost consultant was able to certify best value had been achieved.
- 3.36 The increase in pupil numbers that has been affecting primary places is now starting to impact on secondary numbers. A strategy for meeting this need has been developed with the Cross Party School Organisation Working Group and the Secondary and Continuing Education Partnership consisting of the ten secondary schools, the three colleges and the two universities. Projects to fulfil this strategy are now being worked up through consultation with these groups and will be funded from basic need capital grant, subject to approval through further reports to this Committee and the Policy & Resources Committee.
- 3.37 Appendix 3 shows an indicative expenditure on secondary school places in 2016-17 of £5 million. Further options that arise during the year will be presented to this Committee and Policy & Resources Committee so that the financial implications can be considered.
- 3.38 A review of provision for children and young people with special educational needs and disability is currently underway which could result in changes to special school provision within the city. An allocation of £2.5 million has been included in 2016 / 17 to meet the cost of any proposed changes with a similar allocation indicated for 2017 18.
- 3.39 An allocation of £0.5 million has been included to allow the LA to meet any costs arising from projects procured by third parties.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The only option available would be to not make use of this funding to improve or extend the education property portfolio. This is not recommended as it would limit our ability to maintain, modernise and improve our school buildings property portfolio and to secure sufficient school places.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 There has been no specific consultation regarding the content of this report. When an individual project is developed the necessary consultation is undertaken and reported to the relevant committee.

#### 6. CONCLUSION

6.1 The proposed capital Investment programme will enable us to continue to ensure that we secure school places in areas of the city where they are required and to improve the condition of our education property portfolio.

#### 7. FINANCIAL & OTHER IMPLICATIONS:

#### **Financial Implications:**

7.1 The report sets out the allocation of capital resources included in the Capital Investment Programme 2016/17 as approved by Budget Council on 25 February 2016 that were announced as part of the capital finance settlement in December 2014 and February 2015. The report also includes re-profiled budgets that were approved at Policy & Resources Committee on 11 February 2016 as part of the Targeted Budget Management 2015/16 Month 9 report. The schedule of investment for basic need includes works associated with primary schools as well as additional secondary school provision of up to £5.0 million for 2016/17. Any uncommitted resources will be reported back to this Committee with detailed plans in due course. The revenue implications of any capital investment will be met from existing revenue budgets in 2016/17 and future years' budgets.

Finance Officer Consulted: Rob Allen Date: 12/02/15

#### **Legal Implications:**

7.2 There are no direct legal implications arising from this report. Individual projects may give rise to specific issues which will be covered by the individual reports referring to them.

Lawyer Consulted: Serena Kynaston Date: 04 02 16

#### **Equalities Implications:**

7.3 There are no equalities implications arising from this programme which would impact disproportionately on any defined groups. New and refurbished buildings will conform with all relevant regulations and be fully accessible.

#### Sustainability Implications:

7.4 There are no direct environmental implications arising from this report. The environmental impacts of individual schemes are reported to Members when the detailed report is submitted to Policy & Resources Committee for final approval. The detailed planning of projects at educational establishments will take account of the implications of Brighton & Hove's policies in relation to sustainability issues generally.

#### Any Other Significant Implications:

#### 7.5 None

#### **SUPPORTING DOCUMENTATION**

#### Appendices:

- 1. Structural maintenance programme
- 2. Summary of allocation of funding streams in Section 3 of this report

#### **Documents in Members' Rooms**

1. None

#### **Background Documents**

1. None

#### Crime & Disorder Implications:

1.1 The detailed planning of projects will take account of security issues

Risk and Opportunity Management Implications:

1.2 There are no risk issues in terms of resources or risks to children as a result of this proposal

#### Public Health Implications:

1.3 There are no public health implications arising from this report

#### **Corporate / Citywide Implications:**

1.4 The Capital Maintenance Grant identified in this report is evidence of the government's continuing support for the Council's work as a Local Education Authority. The Basic Need Funding is indicative that the DfE understands the issues of primary and secondary places we face in the city.

GENERAL WORKS		£1,002,500
67 Centre	Replace rotten timber cladding to South elevation	
Coombe Road Primary School	Replacement of wall ties & repointing	
Elm Grove Primary School	Damp proofing in Kitchen	
Hangleton Primary School	Replace lintels and repoint West elevation	
Hangleton Primary School	Replace lintels and repoint above Hall	
Hertford Junior School	Repairs to PVCu cladding	
Hove Park School	Replace wall ties and repoint rear elevation of Caretaker's house	
Royal Spa Nursery	Render repairs to Portico Monument phase 2	
Rudyard Kipling Primary School	Repoint rear elevation of KS1 & KS2 classrooms	
St Luke's Primary School	Masonry repairs	
Stanford Junior School	Damp proofing in Basement	
Surrenden Pool	Install proprietary system over pool edge tiles (slip hazard)	
Surrenden Pool	Replace cladding	
West Hove Junior School	Brickwork repairs to x2 chimneys, lintel replacement & repointing	
Carlton Hill Primary School	Structural strengthening to retaining wall	
Carlton Hill Primary School	Remedial works to retaining wall (phase 2)	
Carlton Hill Primary School	Remedial works to retaining wall (phase 3)	
Hove Park School	Lintel & wall tie replacement & repointing to front elevation	
Longhill School	Repair spalling concrete to Block 3	
Longhill School	Replace curtain wall in Hall	
Longhill School	Replace curtain wall in Library	
Queens Park Primary School	Repair brickwork to front & rear elevations & repoint chimney to main building	
Queens Park Primary School	Repairs to boundary wall	
Rudyard Kipling Primary School	Replace flat roof coverings to x2 halls and recover pitched roofs to 2 storey classrooms	
St Luke's Primary School	Damp-proofing works to 1st floor classrooms	
Tarnerland Nursery	Recover pitched roof	
Westdene Primary School	Replace high level timber cladding at rear of school	
Woodingdean Primary School	Repointing & wall ties North elevation, Hall & Store	
ROOFING WORKS		£2,170,000
Balfour Primary School (Junior)	Replace tiled roof above classrooms (phase 3)	
Bevendean Primary School	Renew flat roof to admin corridor & reception	
Blatchington Mill School	Replace flat roof covering above changing rooms	
Blatchington Mill School	Replace Gym roof	
Carden Primary School	Replace flat roof above Music Service corridor	
Carden Primary School	Replace roof over KS2 Classroom & Main roof	
Carlton Hill Primary School	Replace flat roof above Kitchen. Phase 4	
Coldean Primary School	Recover flat roof above rooms 31-43	

Coombe Road School	Replace flat roof covering above Hall	
Coombe Road School	Replace flat roof over toilet	
Downs Infant School	Recover flat roofs over classrooms (phase 2).	
Downs Junior School	Replace flat roof & roof lights to 2nd floor storeroom, boys toilets & SENCO room & single story section.	
Hangleton Primary School	Replace flat roof coverings to Junior Corridor	
Hertford Infant School	Replace roof over boys WC	
Hertford Junior School	Replace flat roof coverings (phase 2)	
Homewood College	Repairs to flat roof (phase 1)	
Hove Park School	Replace roof above Gym to rear of (upper site)	
Longhill School	Recover flat roof above Hall & renew cladding	
Longhill School	Replace roof to Freezer Store	
Mile Oak Primary School	Replace roof lights on Infant & Juniors roofs.	
Patcham House School	Repairs to pitched roofs	
Patcham Junior School	Recover pitched roof to front of main building and Hall	
Peter Gladwin Primary School	Recover flat roofs above classrooms & Hall	
Portslade Sports Centre	Replace flat roof adjacent to squash courts & remove asbestos cladding	
Portslade Sports Centre	Replace flat roof above equipment store	
Queens Park Primary School	Recover flat roof above Nursery	
Saltdean Primary School	Renew flat roof above Lower Hall (high level only)	
St Peter's Infant School	Replace flat roof between pitches	
West Hove Infant School	Recover roof over Hall & flat roofs	
West Hove Junior School	Pitched roofing works to main building	
Woodingdean Primary School	Recover flat roofs East side	
Woodingdean Community Centre	Replace flat roof covering	
ELECTRICAL WORKS		£55,000
Coombe Road Primary School	Replace 3 phase head	
Mile Oak Primary School	Upgrade lighting & remove asbestos ceilings phase 1	
Queens Park Primary School	Upgrade sub main to Kitchen	
TOILET WORKS		£605,000
Brunswick Primary School	Toilet Refurbishment Boys & Girls year 3	
Brunswick Primary School	Toilet refurbishment Girls 1st floor (infant side)	
Carden Primary School	Toilet Refurbishment Key stage 2 Boys	
Carden Primary School	Toilet Refurbishment Keys Stage 1 Boys	
Coombe Road School	Toilet refurbishment Boys 0/047	
Coombe Road School	Toilet Refurbishment & damp proofing Girls Top of School	
Fairlight Primary School	Toilet refurbishment 1st floor Girls & Boys	
Patcham Junior School	Toilet refurbishment Girls & Boys reception	
Peter Gladwin Primary School	Toilet Refurbishment Key stage 2 Boys and Girls	
Portslade Village Centre	Refurbish toilet	

Stanford Junior School

Toilet refurbishment & roof repairs to Boys & Girls

MECHANICAL WORKS		£775,000
Benfield Junior School	Replace Boiler	
Blatchington Mill School	Replace heating distribution for main building (Phase 2)	
Blatchington Mill School	Upgrade gas supply	
Carden Primary School	Replace water main	
Coldean Primary School	Replace Boiler Plant & Pipework - final phase	
Elm Grove Primary School	Replace heating controls	
Elm Grove Primary School	Insulate heating pipework to resolve temperature control issues	
Rudyard Kipling Primary School	Heating & Pipework Replacement (phase 2)	
Stanford Infants	Install air heating to Kitchen	
Various School	Gas tightness testing	
SURFACING WORKS		£192,500
Balfour Primary School (Infant site)	Resurface playground 31T	
Bevendean Primary School	Resurface playground (lower)	
Blatchington Mill School	Resurface access road, path to rear of site and East playground	
Brunswick School (Junior site)	Resurface playground	
Carden Primary School	Resurface playground	
Cedar Centre, Lynchet Close	Replace paving slabs to rear elevation	
Coldean Primary School	Resurface infant playground	
Downs Park School	Resurface carpark	
Hove Park School	Resurface playground (lower site)	
Patcham Infant School	Resurface rear playground	
St Peter's Infant School	Resurface playground	
Stanford Junior School	Resurface front playground	

Sub total £4,800,000 Fees at 10% £480,000

TOTAL £5,280,000

Re-surface playgrounds

West Hove Junior School

	CAP	ITAL MAINTEN	ANCE		BASIC NEED						
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	Previous years	2015/16	2016/17	2017/18	Scheme Totals
2015/16	£4,909,255			£12,038,759							
2016/17	2.,000,200	£4,910,083	£4,910,083	2.2,000,100	£12,640,697						
2017/18		21,010,000	21,010,000		212,040,007	£11,445,000					
Revenue Contributions	£900,000	£900,000	£900,000			211,110,000					
Carried forward from previous years	£605,645	£609,000	£139,083	£7,250,241	£11,179,000	£14,919,697					
Carried forward from previous years	2000,040	2000,000	2100,000	27,200,241	211,173,000	214,010,001					
TOTALS	£6,414,900	£6,419,083	£5,949,166	£19,289,000	£23,819,697	£26,364,697					
Condition related works								£5,805,900	£6,280,000	£5,800,000	£17,885,900
Legionella	£150,000	£150,000	£150,000					£150,000	£150,000	£150,000	
Asbestos	£150,000	£150,000	£150,000					£150,000	£150,000	£150,000	
Fire Risk Assessments	£150,000	£150,000	£150,000					£150,000	£150,000	£150,000	
Ventilation in Kitchens	£150,000	£150,000	£150,000					£150,000	£150,000	£150,000	
Condition works agreed by committee in March 2015	£2,906,200							£2,906,200			
Additional Conditon works proposed in June 2015	£1,899,700							£1,899,700			
Condition works proposed by committee in March		£5,280,000	£4,800,000						£5,280,000	£4,800,000	
Advanced design on future schemes	£150,000	£150,000	£150,000					£150,000	£150,000	£150,000	
Surveys (condition gas etc)	£100,000	£100,000	£100,000					£100,000	£100,000	£100,000	
Individual Pupil needs	£150,000	£150,000	£150,000					£150,000	£150,000	£150,000	
Bulge Classes							£30,000	£10,000	£190,000	£0	£230,000
Furniture for bulge classes as children move through school	1			£10,000	£10,000		£30,000	£10,000	£10,000	£0	2230,000
Goldstone Primary School additional accommodation for 2012 bulge	<b>+</b>			210,000	£30,000		230,000	210,000	£30,000	£0	
Westdene additional accommodation from 2012 bulge					£150,000				£150,000	£0	
Additional Form of Entry at St Andrew's C E Primary				£1,450,000	£510,000		£1,250,000	£1,450,000	£510,000	£0	£3,210,000
Additional Form of Entry at Saltean Primary				£1,650,000	£200,000		£1,250,000	£1,650,000	£200,000	£0	£3,100,000
Additional secondary provision				£5,000,000	£5,000,000	£10,000,000		£5,000,000	£5,000,000	£10,000,000	£20,000,000
Costs arising from projects undertaken by third parties					£500,000	£500,000			£500,000	£500,000	£1,000,000
to implement outcomes from the SEND review					£2,500,000	£2,500,000			£2,500,000	£2,500,000	£5,000,000
Total Commitments	£5,805,900	£6,280,000	£5,800,000	£8,110,000	£8,900,000	£13,000,000	£2,530,000	£13,915,900	£15,180,000	£18,800,000	£50,425,900
Outstanding balance	£609,000	£139,083	£149,166	£11,179,000	£14,919,697	£13,364,697					

# Notes

Figures in italics are indictive at the present time

# POLICY & RESOURCES COMMITTEE

# Agenda Item 147

**Brighton & Hove City Council** 

Subject: 2016/17 Local Transport Plan Capital Programme

**Date of Meeting:** 15 March 2016 – Environment, Transport &

Sustainability Committee

17 March 2016 - Policy & Resources Committee

Report of: Acting Executive Director – Environment,

**Development & Housing** 

Contact Officer: Name: Andrew Renaut Tel: 01273- 292477

Email: andrew.renaut@brighton-hove.gov.uk

Ward(s) affected: All

#### FOR GENERAL RELEASE

# 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The city council secures capital funding for transport schemes through the government's Local Transport Plan [LTP] process. The council approved the use of capital funding for LTP projects for 2016/17 on 25 February 2016 as part of the overall budget, and allocated £4.274 million for those projects. Further allocations for the following two years (2017/18 and 2018/19) were also confirmed as part of the 4-year budget planning approach.
- 1.2 The LTP is a statutory document and the council's fourth LTP [LTP4] was approved by the council in March 2015. The LTP4 consists of a long-term Strategy to 2030, and a short term 4-year Delivery Plan. Maintaining, managing and improving the city's transport and highway infrastructure, which is one of the city's largest assets with an estimated value of nearly £1.7 billion, is an essential part of the council's investment which helps support and provide access to the many activities that are important to the city's residents and local communities and its wider, sub-regional economic role within the Greater Brighton City Region.
- 1.3 The proposed, detailed programme for 2016/17 allocates funding across a number of capital renewal (maintenance) and integrated transport projects and programmes of work, and is based on government estimates of how much investment is required. The content of the proposed LTP capital programme enables the pro-active allocation of funding to projects or programmes that will deliver long-term benefits to the city and its residents through the renewal, or construction of new, transport infrastructure which is the responsibility of the council as the Local Highway Authority. It is based on a number of factors, which include taking account of:-
  - recent or past decisions made by this or other council committees, often following public consultation, to deliver transport projects and programmes;
  - the prioritisation of allocations to projects or programmes identified in investment or action plans which are required to deliver the aims and

- objectives of approved, council strategies or plans following public consultation;
- decisions made by committees in response to the receipt of petitions or deputations;
- requests for improvements from ward councillors or residents which are prioritised according to need or significance, based on committeeapproved policies or assessment criteria, if available;
- engagement and discussion with The Connected City's Transport Partnership;
- and technical or statistical data, surveys or evidence which indicate that a significant problem exists and requires capital investment to correct it.
- 1.4 The proposed LTP capital programme therefore includes commitments to schemes that are already approved, ongoing programmes of works and new projects. The programme focuses on ensuring the highway network is maintained and renewed to a high standard, improving safety, increasing choices for some journeys by providing for, and encouraging, the use of sustainable transport, and creating a more attractive public realm.
- 1.5 Investment in short-term, reactive repairs are made to the transport network in response to relatively minor problems identified by officers or residents, and these are carried out from within existing revenue budgets, which are allocated within each financial year via the delegated authority assigned to the Director of Environment, Development & Housing.

# 2. **RECOMMENDATIONS:**

# That the Environment, Transport & Sustainability Committee:

- 2.1 Recommends to request that Policy & Resources Committee agrees the 2016/17 Local Transport Plan capital programme budget allocation of £4.274 million to projects and programmes, as set out in Appendix 2 of this report; and
- 2.2 Notes the indicative allocation of future LTP budgets to projects and programmes for 2017/18 and 2018/19 of £5.391million and £5.169 million to fund the Local Transport Plan 4-year Delivery Plan, as set out in paragraph 7.2 of this report.

# That the Policy & Resources Committee:

- 2.1 Agrees the 2016/17 Local Transport Plan capital programme budget allocation of £4.274 million to projects and programmes, as set out in Appendix 2 of this report; and
- 2.2 Notes the indicative allocation of future LTP budgets to projects and programmes for 2017/18 and 2018/19 of £5.391million and £5.169 million to fund the Local Transport Plan 4-year Delivery Plan, as set out in paragraph 7.2 of this report.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 For many years, the capital funding secured through the LTP process and invested through its strategies and delivery plans has contributed towards enhancing local neighbourhoods and environments and the strengthening the city's role as a transport hub and centre for economic activity within the wider Greater Brighton City Region. Significant examples include rebuilt highway structures on the seafront-strengthened to last another 125 years and creation of new business opportunities; Brighton Station Gateway-an enhanced interchange and arrival point for visitors; Seven Dials an improved safety record; and New Road-an acclaimed example of improved public realm. More localised investment in neighbourhoods has included pedestrian crossings, cycle facilities and Rights of Way improvements.
- In addition, LTP budgets have been used to help secure and deliver significant levels of capital funding from other sources for many different projects, such as the Lewes Road Corridor Local Sustainable Transport Fund project; the Better Bus Area scheme focused on Edward Street/Eastern Road; investment in a Low Emission Zone (North Street) supported by funding secured for cleaner vehicles through the Clean Bus Technology Fund; and a grant to tackle dangerous junctions for cyclists (invested in the Seven Dials junction). More recently, allocations in the LTP budget have been used to secure significant levels of funding for Local Growth Fund projects from the Coast to Capital Local [CtoC] Enterprise Partnership [LEP]. These projects include Valley Gardens, BikeShare and an Intelligent Transport Systems [ITS] Package to improve the movement and flow of people and vehicles.
- 3.3 The proposed 2016/17 allocation of funds (set out in Appendix 1) has been based on two main factors 1) the progress made on completing or continuing spend on 2015/16 projects and programmes; and 2) the agreed contributions or commitments to begin new projects/programmes in 2016/17.
- 3.4 The content of the programme is described briefly below, and is consistent with the principles established within the LTP4 Delivery Plan <u>maintaining</u> the network, <u>managing</u> movement, and <u>improving</u> streets and infrastructure. When required, all projects will be fully co-ordinated with other council schemes and works by other agencies (gas, water etc) to minimise disruption and ensure efficient use of funds.

# CAPITAL RENEWAL (MAINTENANCE) FUNDING BLOCK

- 3.5 The proposed programme of £2.480m for this area of work amounts to about 60% of the total available LTP budget for 2016/17. This capital funding is focused on maintaining links and routes and reflects the continued and growing need to renew highway infrastructure in order to ensure that it has a longer life and therefore minimises the need for ongoing/short-term repairs to potholes that are funded from reduced revenue budgets. It also broadly reflects the government's estimation of spending in this area, based on its current formula for calculating LTP allocations.
- 3.6 The programme includes £1.000 million for road re-construction. Priority consideration will be given to repair damage that has occurred to key routes to address the effects of high traffic volumes and recent and continuing extreme

winter weather conditions. Sections of roads where the surface requires immediate, major repairs or renewal will be identified based on recent surveys. A further £0.145m will help improve the condition of footways across the city, with a focus on well-used corridors, and £0.150m has been allocated to begin addressing significant problems associated with damaged highway drainage that causes surface water flooding on roads and pavements. Priority locations could include Union Road and Eaton Road, Hove.

- 3.7 Significant works to assess and strengthen highway structures across the city will also continue (requiring £0.795m allocation) to ensure they remain in a safe condition and are fit for purpose. The significant amount of investment that is specifically required in order to renew and maintain structures which are a critical, but ageing, part of the seafront's infrastructure accords with the conclusions and recommendations of a council Seafront Infrastructure Scrutiny Panel in 2014, which considered existing and future funding sources and opportunities to manage or use those finance streams differently. A main priority for 2016/17 will be a further allocation of £0.595m to contribute towards the essential £10.5 million strengthening works to the Former West Street Shelter Hall structure which supports the A259 Kings Road. The majority of this funding has been secured via a successful bid to the government's Highways Maintenance Challenge Fund.
- 3.8 The development of funding applications and further schemes for the renewal of the city's seafront structures (often referred to as 'the Arches') within the vicinity of the Waterfront Central site (Brighton Centre/Kingswest), as prioritised by this committee in November 2015. A further bid will therefore be made in 2016 to seek funding from the LEP's LGF Resilience budget beyond 2016/17.
- £0.300m has been allocated to assist in reducing the ongoing maintenance requirements for the £10 million-plus worth of street lighting in the city. Surveys and condition assessments have identified a number of areas/corridors that require street lighting column replacement. An ongoing programme to upgrade lighting with more efficient lanterns/lamps will continue to contribute towards the city's carbon reduction targets. Works are planned in Ditchling Road, Lewes Road and Wilson Avenue. Officers are also giving further consideration to exploring alternative approaches to funding this area of work, including the Green Investment Bank, to help accelerate reductions in electricity and maintenance costs, and carbon emissions.
- 3.10 A government requirement for all Highway Authorities to identify and account for their infrastructure (often referred to as assets) by preparing a Highway Asset Management Plan [HAMP] will be continued during 2016/17. £0.090m is estimated to be required to fulfil this requirement and the completed HAMP will form the basis of a comprehensive inventory, which will then be used to prepare medium and long-term programmes of works to maintain the highway to required standards, based on its current condition. These programmes will aim to maximise the use of the most cost-effective methods and materials to address the variety of problems that users of the network experience.

## INTEGRATED TRANSPORT FUNDING BLOCK

# Connecting people with destinations, activities and services

- 3.11 Ensuring that transport investment is targeted in locations that will help support the wider needs of the city is critical to helping deliver a broad range of improved service outcomes. These locations can include important local facilities and/or more significant destinations that help draw people and investment to the city from a wider area.
- 3.12 £0.496m worth of proposed investment in 2016/17 will include improving the safety and environment around, and on routes to, schools and increasing the transport options available to reach centres of economic activity and employment can assist in reducing congestion. Measures include those that will assist in encouraging sustainable travel behaviour change, such as workplace and school travel planning. Local shopping centres are a focus for many communities/visitors and provide a variety of facilities and services that can help to reduce the need to make a number of separate journeys. Enabling these locations to be more accessible and attractive to everybody and function safely and practically e.g deliveries and servicing, provides the opportunity for them to thrive as part of the local economy. Completion of the East Street project in the Old Town is planned, subject to the completion of the Traffic Regulation Order [TRO] and any other remedial works. Work to develop proposals for the Boundary Road/Station Road corridor in Portslade will be undertaken bevond 2016/17 as part of the LTP 4-year Delivery Plan, following its prioritisation by committee in November 2015.
- 3.13 Local parks and open spaces provide excellent opportunities for people of all ages to improve their quality of life in terms of relaxation, fresh air or exercise. Improving access to those locations will enable them to be reached safely and sustainably, or address local perceptions of danger or severance, and therefore be used more regularly. Improving Rights of Way [RoW] in line with the statutory RoW Improvement Plan, including those that provide improved links with the South Downs National Park remain a priority.
- 3.14 £0.315m worth of investment is proposed in interchange facilities, where people can transfer between different forms of transport on their journey/visit, is also proposed, including a contribution to help deliver the BikeShare project and provide cycle parking at rail stations, including Hove, Portslade, London Road and Moulsecoomb. Work will also begin on the development of the 'Gateway to the Sea' project, between Brighton Station and the Seafront, following its prioritisation by committee in November 2015.

## Improving neighbourhoods

3.15 Continued investment is required in targeted road safety engineering schemes to reduce casualties, in line with the positive results achieved in recent years in reducing the number of people killed or seriously injured. £0.080m is proposed to monitor the outcomes of the phased introduction of 20 mph speed limits in areas of the city, and identify any issues and remedial measures. The locations for proposed investment of £0.345m on high risk sites will be confirmed following the completion of an assessment of collision and injury data, and will aim to maximise the reduction of casualties.

3.16 Walking and cycling are the best forms of 'low carbon' transport and the activity involved provides additional personal health benefits for individuals and, if used as an alternative to car journeys, can help reduce pollution and therefore benefit wider communities, especially if acute air quality problems have been identified. Increasing the mobility of local residents with dropped kerbs and level surfaces, alongside clear wayfinding signing for visitors, are important ways to increase the attractiveness and convenience of these types of journeys in the city, especially over short distances. A total of £0.188m is planned to be spent specifically in these areas in 2016/17. Other projects will include investment in measures to enable and increase active travel.

# Managing links and improving routes

- 3.17 Ensuring the efficient movement of people and vehicles across and along key transport corridors helps to keep the city moving. Work will continue on the development of the Valley Gardens project, which aims to improve and increase priority and provision for buses, taxis, pedestrians and cyclists, as well as addressing traffic management and flow on this main corridor. Work to develop proposals for the Church Road corridor in Hove will be undertaken beyond 2016/17 as part of the LTP 4-year Delivery Plan, following its prioritisation by this committee in November 2015.
- 3.18 Continued investment in the use of technology to manage the LGF-funded Intelligent Transport Systems [ITS] Package will help modernise and optimise traffic signal-controlled junctions and pedestrian crossings and improve driver information. In order to assist the committee in having a better understanding of this particular project, an outline summary is attached in Appendix 3 to this report. The upgrade and installation of existing and new electric vehicle charging points will also assist in more efficient movement, widening choice and reducing carbon emissions, as agreed by committee in July 2015.

### Minor works

3.19 Minor investment is required in 2016/17 for some schemes after the main construction works have been completed in 2015/16 e.g safety audits and additional remedial works, and to allow some initial scoping and preliminary work on new schemes. There will also be investment in data collection to assist in monitoring and assessing the wider effects of some schemes/projects.

# Future transport capital programme investment

3.20 In approving its 2016/17 budget, the council has also confirmed that it expects to receive capital allocations from the government of approximately £5.391 million and £5.169 million in 2017/18 and 2018/19 respectively through the LTP process. These sums will enable the ongoing development and delivery of certain schemes or initiatives and will be dependent upon future budget decisions made by the council, and the committee is recommended to note them. Within the LTP capital programme, priority consideration will need to be given to ongoing/committed projects when considering future allocations of funds, in addition to any changes in the identification of needs, priorities, and outcomes. Scheme development, through design and/or consultation, can also result in further changes, as would any opportunity to introduce new initiatives or projects.

# OTHER SOURCES OF FUNDING

- 3.21 The LTP process is one of a number of sources of funding that are used to deliver transport schemes. Previously successful bids to other government sources such as the Local Sustainable Transport Fund [LSTF], Better Bus Area [BBA] initiative, and Highways Maintenance Challenge Fund, supported by contributions from the council's LTP budget, have secured significant investment for key corridors. The council will also be seeking to bid for funding from the government's newly announced, £20 million Sustainable Travel Transition Year Fund, in advance of the launch of a new £60 million Access Fund which is expected to take place later in 2016 to provide further support for sustainable and accessible travel projects.
- 3.22 Investment in local transport is also secured through the planning process via legal (Section 106) agreements. Funds from the redevelopment of the Royal Sussex County Hospital will fund measures in the Eastern Road corridor. Sums secured for making bus stops and pedestrian routes accessible and level will be used in 2016/17 to continue the funding of these important work programmes.
- 3.23 The council has also been successful in securing funding for major and significant transport schemes by bidding through the newly created Local Growth Fund [LGF] process, which is led and administered by the Coast to Capital Local Enterprise Partnership [LEP], and supported by its Local Transport Body [LTB]. This funding will support the retention and delivery of jobs and housing in the city, given its prominent role in the Greater Brighton City Region. In future years, the LTP capital programme will also need to reflect new bids to the LTB for funding, and any capital funding required to deliver the strategic transport priorities that emerge through the Government's Devolution process (which could result in giving areas certain opportunities, freedoms and flexibilities). The current transport proposals set out in the Greater Brighton City Region's Devolution Prospectus, 'Platforms for Prosperity', include greater access to local transport funding; better bus and rail connections and routes; and Park + Ride.
- 3.24 Funding has already been secured from 2015/16 onwards for the Valley Gardens project (Phases 1 & 2), BikeShare and the ITS Package. Future bids will be made for projects that could start between 2016/17 and 2020/21 as those funding opportunities arise, including Gateway to the Sea and seafront highway structures.

# 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The proposed 2016/17 LTP capital programme is consistent with the Strategy and the principles of the Delivery Plan in the approved LTP4, and the proposed allocation of capital investment will help contribute to meeting local transport and wider policy objectives and outcomes.
- 4.2 The programme includes commitments to financial contributions to projects and programmes that have helped secured much larger sums of capital funding from other sources for the council to invest in its transport network. Maintaining these commitments is essential to deliver those projects and should help support the consideration of the council's case for any similar bids in the future.

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The LTP4 was developed using the results of consultation with residents, stakeholders and with the city's Transport Partnership. As outlined in paragraph 1.3 of this report, many individual projects and programmes have been, or will be, the subject of consultation with local communities and ward councillors. Alongside the Maintenance programme, the delivery of Integrated Transport will be considered by the council's Traffic Manager in terms of minimising the potential effects of works on the overall operation and management of the transport network in Brighton & Hove.
- 5.2 Multi-agency working remains key to helping achieve improvements in service outcomes and overall performance across the city through scheme development and transport investment. Improving transport infrastructure and services ensures that the council and its partners can meet the varying needs of the city, especially at a time when achieving sustainable economic, environmental and social outcomes, through value for money investment, are high priorities.

### 6. CONCLUSION

6.1 The decision of the committee to approve the allocation of the 2016/17 LTP capital programme to projects and programmes will provide a clear indication of proposed plans for capital investment in transport using the LTP budget, and other sources of funding such as the LGF. It therefore enable works to be continued or started, which will continue to support the council's, city's and wider stakeholders' objectives.

#### 7. FINANCIAL & OTHER IMPLICATIONS:

# **Financial Implications:**

- 7.1 The 2016/17 capital programme was approved at Budget Council in February 2016 and this report sets out the proposed use of the £4.274m approved funding for the LTP capital programme. The 2016/17 LTP capital programme is funded by Department of Transport grants and takes into consideration a repayment to the council's reserves relating to forward funding of the 2015/16 LTP programme, as shown in the table below.
- 7.2 Future years' capital programmes will require Policy and Resources Committee approval.

	Confirmed allocation (£'000) 2016/17	Indicative allocation (£'000) 2017/18	Indicative allocation (£'000) 2018/19
<b>Total Approved Funding Available:</b>			
DfT Integrated Transport Block Grant	3,059	3,059	3,059
DfT Maintenance Block Grant	2,404	2,332	2,110
Total Grant Funding	5,463	5,391	5,169
Repayment to Council Reserves	(1,189)		
Total Funding Available	4,274	5,391	5,169

Finance Officer Consulted: Sue Chapman Date: 4/03/16

# **Legal Implications:**

7.3 The LTP is a statutory requirement and the document was adopted by Full Council in March 2015. There are no direct legal implications associated with approving the 2016/17 LTP capital programme, which is consistent with the 4-year Delivery Plan set out within the LTP4. Any relevant legal implications will be considered when individual schemes are brought forward for implementation.

Lawyer Consulted: Elizabeth Culbert Date: 2/03/16

# **Equalities Implications:**

- 7.4 The LTP4 was developed by taking into account the council's Equality & Inclusion Policy, and an appropriate level of Equalities Impact Assessment was undertaken in line with it. This was based on securing, understanding and taking into account the views of people who are identified as having 'protected characteristics' (those against which discrimination is unlawful) as defined by the Equality Act 2010. In developing specific projects and programmes within the 2016/17 LTP capital programme, the needs of these communities will be prioritised from the outset, and wherever possible will be incorporated into designs in order to overcome barriers to movement that may be experienced.
- 7.5 In doing so, this will ensure that the transport network is made accessible to all, irrespective of any protected characteristic. Improvements to areas of the city, transport routes and facilities will enhance the provision and choice for people, especially those with mobility difficulties, or other disabilities. Road safety schemes improve conditions for vulnerable road users. This type of investment will also support the work of the council's newly established Fairness Commission.

# **Sustainability Implications:**

7.6 LTP funding enables the council to meet environmental objectives set out in the LTP4 Strategy and the council's Sustainability Action Plan Strategy, such as a shift towards greater use of sustainable transport and reducing carbon emissions.

# Any Other Significant Implications:

7.7 The 2016/17 LTP capital programme helps deliver the objectives of the LTP as a strategic document for the city, and transport and travel have a significant role in supporting and helping achieve the city's and council's wider objectives across a number of service departments. Additional, wider implications associated with the proposed investment are therefore set out in Appendix 2 of this report.

# **SUPPORTING DOCUMENTATION**

# **Appendices:**

- 1. Other Significant Implications
- 2. Proposed 2016/17 and Future Years LTP capital programme allocations
- 3. Summary of Intelligent Transport Systems Package

# **Documents in Members' Rooms**

1. None

# **Background Documents**

- 1. Report to Budget Council 25 February 2016
- 2. Report to Environment, Transport & Sustainability Committee 24 November 2015
- 3. Report to Policy & Resources Committee meeting 19 March 2015
- 4. Brighton & Hove City Council's Fourth Local Transport Plan [LTP4] March 2015

# **Any Other Significant Implications**

# **Crime & Disorder Implications:**

1.1 There are no direct implications arising from the proposed 2016/17 LTP capital programme. However, the LTP4 has a particular focus on improving road safety and personal security and, wherever possible, its projects and programmes will seek to reflect and deliver the aims of the council's Community Safety and Crime Reduction Strategy 2014-17, especially in helping to deliver measures that improve the physical environment, ensure communities are stronger, and help people feel safer. This can include work to design, improve, manage and maintain public spaces and streets so that people feel safe. The positive use of spaces is encouraged to ensure that crime and antisocial behaviour are discouraged.

# Risk and Opportunity Management Implications:

1.2 The design of most transport schemes are safety audited to ensure they comply with current design standards. Regular monitoring and reporting throughout the year of the LTP capital programme and its projects will minimise the risk of not fully spending the approved investment programme. Maintenance of the seafront as an asset to the city is identified within the council's Strategic Risk Register because it includes the transport routes and highway structures that form support it. Investment in it therefore forms part of the proposed 2016/17 capital programme. Investment in scheduled maintenance of roads, pavements and cycleways provides safer infrastructure for all users and reduces the need for expensive reactive repairs.

# Public Health Implications:

1.3 Transport and travel are critical to delivering the city's public health objectives as they contribute significantly to some of today's greatest challenges to public health, including road traffic injuries, physical inactivity, the adverse effect of traffic on social cohesiveness and the impact on outdoor air and noise pollution. Improving people's and communities' health and well-being is a key objective of the LTP4, and the LTP capital programme allows continued investment in transport improvements that provide for and promote active travel, such as walking and cycling. This investment also helps to improve air quality by reducing harmful emissions therefore delivering objectives and actions set out in the council's Air Quality Action Plan, such as providing for electric vehicles and enabling greater use of alternatives to the car for some journeys. Creating less dangerous and more attractive environments, such as road safety and public realm schemes, will improve individual and community health and quality of life.

# Corporate / Citywide Implications:

1.4 The LTP includes principles and objectives that will help support the city's planned economic growth, social development and environmental enhancement. The annual capital programme plays an important role in delivering the council's Corporate Plan; the City Plan Part 1 policies (especially Policy CP9 on

Sustainable Transport) and the schemes/projects identified within its associated Infrastructure Delivery Plan. The LTP will also reflect the current and emerging priorities and policies of the council, city, and other partners and stakeholders as established in other key strategies and policy documents such as the LEP's Strategic Economic Plan; the Greater Brighton City Region's Devolution Prospectus; the updated Sustainable Community Strategy; and the vision and outcomes set out in the 2014-2019 South Downs National Park Partnership Management Plan.

# PROPOSED 2016/17 AND FUTURE YEARS LTP CAPITAL PROGRAMME ALLOCATIONS

	T	221211		
Project/	Description	2016/17	2017/18	2018/19
Scheme	(please see Footnote below for	Proposed	Indicative	Indicative
	explanation of asterisked (*) projects)	Allocation	future	future
		(£'000s)	req'ment	req'ment
	VAL/MAINTENANCE BLOCK and routes to improve			
Surfaces	Roads	1,000	###	###
Junaces	Pavement/Footways	145	###	###
Drainage	Replacement of failed gullies/soakaways	150	###	###
Street Lighting	Replacement of failed columns	300	###	###
Bridges & Structures	A259 Kings Road Arches (east of i360 site)	75	0	0
Briages a otractares	Former West Street Shelter Hall (A259)*	595	###	###
	Marine Parade retaining wall (Duke's	333	###	###
	Mound)	75	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,
	Other locations – incl. Waterfront Central	50	###	###
Highway Asset	Mapping, surveys, update inventory and		11 11 17	ппт
Management	finalising plan	90	50	50
	NEWAL/MAINTENANCE SUB-TOTAL	2,480	2,332	2,110
O/II ///L /(L/	121771271171117121711102 00D 101712	2,400	2,002	2,110
INTEGRATED TR	RANSPORT BLOCK with			
Education, Training &				
Learning	Safer Routes to Schools	58	###	###
	School Travel Plan Measures	20	###	###
	SUB-TOTAL	78		
Workplaces & job opportunities	Business Travel Plan Measures - matched funding with businesses	20	###	###
	Personalised Travel Planning	20	0	0
	SUB-TOTAL	40		
Shopping areas			0	0
Chopping areas	Old Town/The Lanes – East Street	5		
	Boundary Road/Station Road, Portslade	0	0	###
	SUB-TOTAL	5		
Parks, open spaces &				
the National Park	Rights of Way – incl. access to SDNP	58	###	###
	SUB-TOTAL	58		
Interchanges	Brighton Station Gateway	15	0	0
	Cycle Parking at Stations***	65	0	0
	BikeShare project**	200	30	0
	Accessible bus-stops	35	###	###
	SUB-TOTAL	315		
Improving neighbou				
Road Safety	Area-wide 20mph limits – monitoring and speed reduction measures.	80	###	###
	•		###	###
	High risk sites	345	$\pi\pi\pi$	<del>ππ#</del>
	SUB-TOTAL	425		
Active travel measures	Pedestrian crossings – freestanding sites	115	###	###
	Walking network – incl. dropped kerbs and			
	handrails	50	###	###
	Cycle facilities	23	###	###
	SUB-TOTAL	188		
	continued			

Project/	Description	2016/17	2017/18	2018/19
Scheme	(please see Footnote below for	Proposed	Indicative	Indicative
	explanation of asterisked (*) projects)	Allocation	future	future
		(£'000s)	req'ment	req'ment
Managing links and	routes with			
Technology & Travel				
Information	Intelligent Transport Systems [ITS] project**	92	100	0
	Information – Traveline	13	13	13
	JourneyOn website	10	10	10
	Electric vehicle charging points	55	55	55
	SUB-TOTAL	170		
Corridor				
improvements	A270 Elm Grove traffic signals - upgrade	92	0	0
	Eastern Road/Edward Street- BBA project	5	0	0
	Valley Gardens – Phases 1 & 2**	299	756	57
	Church Road, Hove	0	###	###
	SUB-TOTAL	396		
Minor works	Scheme completion & scoping/Monitoring	50	###	###
	SUB-TOTAL	50		
Connecting people	and neighbourhoods with, and impro	oving the		
City Centre & Seafront	'Gateway to the Sea' - engagement and	69	###	###
	concept design			
	SUB-TOTAL	69		
INTE	GRATED TRANSPORT SUB-TOTAL	1,794	3,059	3,059
<b>GRAND TOTALS</b>		4,274	5,391	5,169
Funded From				
LTP Grant Allocation		5,463	5,391	5,169
Funding from/(to) Res	erves	-1,189	0	0

# Footnote

- \* committed contribution, as part of the council's successful bid to the government's Highways Maintenance Challenge Fund.
- \*\* local contribution, committed to support approved Local Growth Fund [LGF] allocation.
- \*\*\* committed contribution to support approved DfT funding allocation to Southern Railways project.

### - project/programme will require continued funding to deliver existing/ongoing commitment.

#### NOTES -

Increased investment in measures to make bus stops and walking routes and facilities more accessible will continue to be secured using 'Section 106' funds obtained via legal agreements for development schemes which are approved through the planning process. Opportunities will also be taken to invest in secure on-street motorcycle parking through the same process.

In many cases, costs indicated above are preliminary estimates. Expenditure on schemes may need to be increased, reduced or deferred during a financial year as information on scheme progress becomes available. Some works are also subject to network co-ordination with other projects, developers and utility companies, contractor availability and weather conditions.

# SUMMARY OF INTELLIGENT TRANSPORT SYSTEMS [ITS] PACKAGE

# Introduction

The council and its partners have undertaken some significant development of systems in the city and have made good progress to date in investing in Intelligent Transport Systems [ITS] to manage the traffic and highway network in the city. This package of new measures will enable the council to further manage and control the city's road network to respond to the challenges caused by traffic congestion.

The main objectives of the ITSPackage are as follows:-

- expand and upgrade Brighton & Hove's traffic management capability;
- enable greater interaction between the Strategic Road Network and the city's road network more effectively;
- enable better management of traffic congestion and road safety and improve journey time reliability;
- manage traffic for key events on the network more effectively; and
- improve response to unplanned incidents on the network.

There are different forms of ITS measures and those that were proposed as part of this Package (as at January 2015) are set out in the attached table.

# **Summary Description**

The £2.152 million package is based on 'strategic corridor approaches' to implementing additional ITS infrastructure to further strengthen the resilience of the city's transport network on routes which lead to/from, or are within the vicinity of, the 5 priority development areas in the city which are specifically identified within the Coast to Capital's [CtoC's] Local Enterprise Partnership's [LEP's] Strategic Economic Plan. These are the Seafront, Valley Gardens, the New England Quarter, the Lewes Road Corridor and Shoreham Harbour Regeneration Project, and the ITS investment will also complement and support other schemes in these locations.

A Business Case was prepared and submitted to secure additional funding through the Local Growth Fund [LGF] process to deliver it (as explained below) and the application focused on a bid for funding to invest in ITS along the 3 main Principal Road corridors serving the city and its hinterland. These are the A23, A259 and A270 (plus some key, secondary roads linked to them or the 5 SEP development areas, and the city's Traffic Control Centre [TCC]), as these represent the busiest strategic routes where the benefits of ITS are most likely to be greatest in terms of minimising congestion and maximising efficient movement.

# **Funding**

<b>HOW MUCH &amp; WI</b>	HOW MUCH & WHEN – Estimated construction costs and construction timetable									
Est. Costs:	£2.152 mill	ion	Start	t & end of		2015/16-				
			cons	struction:		2017/18				
Spend	2015-16:	2016-17:	2017-18:	2018-19:	2019-20:	TOTAL:				
Profile	(£m)	(£m)	(£m)	(£m)	(£m)					
LGF	0.447	0.786	0.597			1.830				
Local	<u>0.130</u>	<u>0.092</u>	<u>0.100</u>			<u>0.322</u>				
contribution	0.577	0.878	0.697			2.152				
TOTAL										
Funding expectations	£1.83m – L	ocal Growth	r Fund Resi	lience budge	et allocation	า [85%]				
	£0.322m – Local contribution BHCC Local Transport Plan 4 capital programme [15%]									
		o respond to		ve and is suf les in funding	•					

# **Background/Decisions**

# 2013

An original £3million ITS bid was submitted to the LTB for 'devolved Government Major Scheme Funds' (pre-LGF). The bid was not prioritised as insufficient funding was available, but it was designated as a 'next best priority'.

# 2014

The ITS Package was included in the council's Transport investment priorities for the city as part of the overall bid for LGF set out within Coast to Capital LEP's Strategic Economic Plan.

# 2015

**January** – ITS Package funding application submitted to the LEP for funding from LGF Resilience budget for 2015/16 onwards.

**March** - BHCC ETS Urgency Sub-Committee endorsed the ITS bid submitted to the LTB for LGF. The bid was independently assessed by an LTB-appointed auditor, and the LTB subsequently granted 'conditional approval' for LGF funding, subject to some further clarification and minor revisions to the funding application.

**April** – A revised application was submitted to address the independent assessor's comments.

**May** – Confirmation was received from the LEP that the amended application was acceptable to the independent assessors and that the funding allocation will be recommended for full approval by LEP officers, under delegated authority, as agreed by the LTB.

# **Current position**

Work is currently underway to design and develop the programme of measures that achieves the most efficient way of delivering the ITS Package's objectives across a 3-year period, which takes account of the need to maximise the outputs that will be delivered through the investment whilst minimising disruption on the network when/if other work is planned.

This programming will primarily aim to treat individual corridors one by one in order to complete the delivery of a comprehensive set of measures and begin to secure the potential benefits at an early stage.

# BRIGHTON & HOVE CITY COUNCIL COAST TO CAPITAL LTB RESILIENCE SCHEME APPLICATION ITS PACKAGE

# Scheme Programme and Spending Profile (as at January 2015)

**Citywide Traffic Management** 

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
All	Traffic Control Centre (HTH)	New remote-based and cloud server systems (such as Stratos and Inview)	100,000	More accessible fault and management regime enabling better understanding of problems and quicker response and repair times.	Benefits access to all 5 priority development areas
All	Traffic Control Centre (HTH)	55" wall screen	5,000	Additional observational capacity, especially for day to day management of network during emergency & civil contingency events	Benefits access to all 5 priority development areas
TOTAL			105,000	<u> </u>	

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# A23 corridor

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
A23	A27 to Preston Circus	6 x Bluetooth receiver units	12,000	Greater and more reliable source of data for journey times and identifying congestion	New England Quarter [NEQ]
	Carden Avenue to city centre	8 x additional fixed bus lane enforcement ANPR cameras	120,000	Will provide increased visibility of network coverage of key north-south route to increase passenger journey time reliability	NEQ Seafront
	Oxford Street	2 x additional fixed bus lane enforcement ANPR cameras	30,000	Will provide increased network coverage of key link between Lewes Road/Ditchling Road and London Road	NEQ
	Eastern Road/Edward Street	4 x additional fixed bus lane enforcement ANPR cameras	60,000	Will provide increased visibility of network coverage of key east-west route to increase passenger journey time reliability	Valley Gardens Seafront
	Old Steine (northbound- towards London Road/NEQ & Lewes Road)	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel decisions and increase efficiency of network by travel reduction or diversion	Seafront NEQ
TOTAL			232,000		

# A259 corridor

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
A259 (W)	WSCC boundary to A23	6 x Bluetooth receiver units	12,000	Greater and more reliable source of data for journey times and identifying congestion	Shoreham Harbour Seafront
	Kingsway/Church Road, Portslade (eastbound- towards city centre)	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel decisions and increase efficiency of network by travel reduction or diversion	Shoreham Harbour Seafront
	Kingsway/Wish Road	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Shoreham Harbour Seafront
	Kingsway/ Walsingham Road	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Shoreham Harbour Seafront
	Kingsway/King Alfred	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Shoreham Harbour Seafront
	Kingsway/ Osborne Villas	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Shoreham Harbour Seafront
	Kingsway/ Fourth Avenue	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Shoreham Harbour Seafront
	The Drive (between A270 and A259)	2 x new CCTV cameras	40,000	Will provide increased visibility of network coverage of key north-south route	Seafront
	Kingsway/First Avenue	Replace existing crossing with Puffin	30,000	Reduced delays for traffic and safer facilities for pedestrians	Shoreham Harbour

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
					Seafront
	Kingsway/Holland Road	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel decisions and increase efficiency of network by travel reduction or diversion	Shoreham Harbour Seafront
	King's Road/ Montpelier Road	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Seafront
	Kingsway/Presto n Street (eastbound- towards city centre)	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel decisions and increase efficiency of network by travel reduction or diversion	Seafront
A259 (E)	A23 to ESCC boundary	6 x Bluetooth receiver units	12,000	Greater and more reliable source of data for journey times and identifying congestion	Valley Gardens Seafront
	Marine Parade/Bedford Street	Replace existing crossing with Puffin	30,000	Reduced delays for traffic and safer facilities for pedestrians	Seafront
	Marine Parade/Paston Place	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Seafront
	Marine Parade/Lewes Crescent	Replace existing crossing with Puffin	50,000	Reduced delays for traffic and safer facilities for pedestrians	Seafront
	Marine Drive/Arundel Road	Replace existing crossing with Puffin	30,000	Reduced delays for traffic and safer facilities for pedestrians	Seafront
	Wilson Avenue (northbound-	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel	Seafront

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
	away from A259)			decisions and increase efficiency of network by travel reduction or diversion	
	Ovingdean roundabout to ESCC boundary	4 x additional fixed bus lane enforcement ANPR cameras	60,000	Will provide increased visibility of network coverage of key east-west route to increase passenger journey time reliability	Seafront
TOTAL			654,000		

# **A270 CORRIDOR**

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
A270 (W)	WSCC boundary to A23	6 x Bluetooth receiver units	12,000	Greater and more reliable source of data for journey times and identifying congestion	Shoreham Harbour Seafront
	Old Shoreham Road/Trafalgar Road (A293)/Locks Hill junction	New signal installation (including improved pedestrian facilities) plus MOVA* software	200,000	Optimise the control and movement of people and vehicles through the junction to reduce delays	Shoreham Harbour
	Old Shoreham Road-Hove Cemetery (westbound)	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel decisions and increase efficiency of network by travel reduction or diversion	Shoreham Harbour
	Old Shoreham Road/Sackville Road/Nevill Road & Old Shoreham Road/St Joseph's Close junctions	New signal installation (including improved pedestrian facilities) plus MOVA* software	200,000	Optimise the control and movement of people and vehicles through the junction to reduce delays	Shoreham Harbour
	Old Shoreham Road/New England Road junction	New signal installation (including improved pedestrian facilities)	200,000		NEQ
A270 (E)	Elm Grove (eastbound-away from A270 Lewes Road)	Driver information VMS	10,000	Increased advance or real-time notification of delays to inform travel decisions and increase efficiency of network by travel reduction or diversion	Lewes Road Corridor NEQ
	A23 to ESCC boundary	6 x Bluetooth receiver units	12,000	Greater and more reliable source of data for journey times and identifying	Lewes Road Corridor

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
				congestion	Valley Gardens Seafront
	Vogue Gyratory to Stanmer Park	3 x additional fixed bus lane enforcement ANPR cameras	45,000	Will provide increased visibility of network coverage of key east-west route to increase passenger journey time reliability	Lewes Road Corridor
TOTAL			689,000		

# **OTHER CORRIDORS**

Route/ Corridor	Location	Description	Cost (£)	Overall benefits	SEP priority development area linkage
A293	A27 to A259	6 x Bluetooth receiver units	12,000	Greater and more reliable source of data for journey times and identifying congestion	Shoreham Harbour
A2023 (S)	Hove Street/Church Road/New Church Road junction	New signal installation (including improved pedestrian facilities) plus MOVA* software	200,000	Optimise the control and movement of people and vehicles through the junction to reduce delays	Shoreham Harbour
B2123	Falmer Road/Warren Road	New CCTV camera (with WiFi link)	20,000	Will provide increased network coverage of key north-south route between A27/A259 and city centre	Seafront
Church Road, Hove	George Street junction	Renew CCTV camera	20,000	Will provide increased visibility of network coverage of key east-west route	Seafront
Dyke Road	Upper Drive/Highcroft Villas junction	New CCTV camera (with WiFi link)	20,000	Will provide increased network coverage of key north-south route	NEQ
	Upper Drive/Highcroft Villas junction	New signal installation (including improved pedestrian facilities) plus MOVA* software	200,000	Optimise the control and movement of people and vehicles through the junction to reduce delays	NEQ
TOTAL			472,000		

# **SUMMARY TOTALS**

Citywide - £105,000 (2015/16)

Other corridors - £472,000 (2015/16)

A23 - £232,000 (2016/17)

A259 - £654,000 (2016/17)

A270 - £689,000 (2017/18)

TOTAL = £2,152,000

# POLICY & RESOURCES COMMITTEE

# Agenda Item 148

**Brighton & Hove City Council** 

Subject: Permission to Tender for Home Care - Extract from

the Proceedings of the Health & Wellbeing Board

meeting held on the 2 February 2015

Date of Meeting: 26 February 2015

Report of: Monitoring Officer

Contact Officer: Name: Lisa Johnson Tel: 29-1228

E-mail: Lisa.johnson@brighton-hove.gov.uk

Wards Affected: All

# FOR GENERAL RELEASE

# Action Required of the Committee:

To receive the item referred from the Health & Wellbeing Board for approval:

**Recommendations:** That the following be referred to the Committee for consideration:

- 1) That the Committee agree to commence a tender process leading to the award of home care contracts to suitably qualified providers who are able to demonstrate that they can provide value for money, effective from September 2016 for a duration of five years, with provision for a further extension of up to two years, as outlined in this Paper;
- 2) That the Committee to grant delegated authority to the Executive Director of Adult Services to approve the award of contracts, following the conclusion of the procurement process;



# 4.00pm 2 February 2016

# **Auditorium - The Brighthelm Centre**

#### **Minutes**

Present: Councillors Yates (Chair), K Norman (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Barford and G Theobald Dr. Xavier Nalletamby, Geraldine Hoban, Dr. Christa Beasley, Dr. George Mack; Clinical Commissioning Group

Other Members present: Frances McCabe Health Watch, Graham Bartlett, Pennie Ford, NHS England, Pinaki Ghoshal, Statutory Director of Children's Services Denise D'Souza, Statutory Director of Adult Social Care Dr. Tom Scanlon, Statutory Director of Public Health

## **Part One**

# 56A PERMISSION TO TENDER FOR HOME CARE

- 56a.1 The Board considered the report of Ms J Macdonald, Commissioning and Performance Manager, Brighton & Hove City Council, and Mr Barfoot, Adult Social Care Category Specialist Procurement, Brighton & Hove City Council. The report outlined the recommendations for the new home care (domiciliary) contract, which was a joint contract between the Council and the NHS Brighton and Hove Clinical Commissioning Group (CCG). The report was introduced by Ms D D'Souza, Executive Director Adult Services and Ms Macdonald. The Executive Director Adult Services apologised that the report was late.
- 56a.2 The solicitor advised the Board that Recommendations 1 and 2 should be amended to include the following wording, 'To recommend to Policy & Resources Committee'. The recommendations would therefore be:
  - To recommend to Policy & Resources Committee to agree to commence a tender process leading to the award of home care contracts to suitably qualified providers who are able to demonstrate that they can provide value for money, effective from

- September 2016 for a duration of five years, with provision for a further extension of up to two years, as outlined in this Paper;
- 2) To recommend to Policy & Resources Committee to grant delegated authority to the Executive Director of Adult Services to approve the award of contracts, following the conclusion of the procurement process;
- 56a.4 Ms McCabe referred to paragraph 4.8, regarding the consistency of care workers visiting service users, and asked whether the entry and exit times would give an indicator on whether there was a regularity of workers, and how the organisation responded to things going wrong and asked if something more specific could be included. The Commissioning and Performance Manager said that the consistency of workers was being looked at, and the provision would be carefully monitored and included in the tender process.
- 56a.5 Councillor Mac Cafferty referred to New Larchwood and said that the unions continued to be concerned about the level of care provision and the impact on staff and conditions of employment. The Commissioning and Performance Manager said that there would be a TUPE for all staff working there, and whoever won the contract would be expected to adhere to the Unison Ethical Charter and payment of the national living wage and agree to new requirements in our Home Care specifications. The Executive Director Adult Services said that there were 19 staff at New Larchwood, and it should be remembered that the unit cost of in house service was considerably more than the rate paid to independent providers.
- 56a.6 Councillor Penn asked for reassurance that continuity of care for residents would continue. The Commissioning and Performance Manager said that there wouldn't be any break in care provision, and in the tender process the bidders would be asked to be explicit in what they would provide.
- 56a.7 Councillor Barford welcomed the tender, and asked for reassurance the Home Care providers would be monitored. Councillor Barford wanted to confirm that the living wage would be that set by Living Wage Foundation, rather than that set by the government.
- 56a.8 Ms P Ford welcomed the report and was pleased that the new model was being jointly modelled between the CCG and the Council. She asked that the issue of responsiveness for starting and restarting care packages at weekends was picked up and, with regard to training of staff, she suggested that it would be useful to include rehabilitative training for delivering care in the home. The Commissioning and Performance Manager said that there were a number of Key Performance Indicators and one of them was how quick parties could respond.
- 56a.9 Ms C Holloway said it was important that this tender went ahead, as good care packages were important. She said that continuity of carers was important and asked how that would be built into the contract and evaluated. The Commissioning and Performance Manager said that Key Performance Indicators related to continuity and consistency of the care.
- 56a.10 **RESOLVED**: That the Board agreed that –

- To recommend to Policy & Resources Committee to agree to commence a tender process leading to the award of home care contracts to suitably qualified providers who are able to demonstrate that they can provide value for money, effective from September 2016 for a duration of five years, with provision for a further extension of up to two years, as outlined in this Paper;
- 2) To recommend to Policy & Resources Committee to grant delegated authority to the Executive Director of Adult Services to approve the award of contracts, following the conclusion of the procurement process;
- 3) That the above agreed recommendations be presented to the Council's Policy & Resources Committee on 17 March 2016.

# POLICY & RESOURCES COMMITTEE

# Agenda Item 148

**Brighton & Hove City Council** 

**Subject:** Permission to Tender for Home Care

**Date of Meeting:** Health & Wellbeing Board – 2 February 2016

Policy & Resources Committee – 17 March 2016

Report of: Executive Director for Adults' Services

Contact Officer: Jane MacDonald Tel: 29-5038

Ed Barfoot 29-1391

Email: Jane.macdonald@brighton-hove.gov.uk

Edward.barfoot@brighton-hove.gov.uk

Ward(s) affected: All

#### FOR GENERAL RELEASE

# 1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 This report outlines the recommendations for the new home care (domiciliary) contract. A joint contract between the Council and the NHS Brighton and Hove Clinical Commissioning Group (CCG)

### 2. **RECOMMENDATIONS:**

- 2.1 The recommendation is to approve the recommendations from the Health & Wellbeing Board on 2 February 2016. These were:
  - To agree to commence a tender process leading to the award of home care contracts to suitably qualified providers who are able to demonstrate that they can provide value for money, effective from September 2016 for a duration of five years, with provision for a further extension of up to two years, as outlined in this Paper;
  - To grant delegated authority to the Executive Director of Adult Services to approve the award of contracts, following the conclusion of the procurement process;

# 3. CONTEXT/ BACKGROUND INFORMATION

# Background to the home care market

- 3.1 The national home care market is fragile.
  - Allied Health Care, the largest national provider has recently been sold following a posting of a loss in profits of £220 million.
  - The chief executive of the Care Quality Commission warns that banks are not lending to homecare providers because of the commercial outlook.

- 3.2 Locally in the summer of 2015 two main providers gave notice to leave the market, this was for 2,000 hours and impacted on 230 publically funded people in the city
- 3.3 The Statutory Guidance for Section 5 of the Care Act 2014 states:

"When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care."

# Overview

- 3.4 The current home care contract commenced in 2012 and has been extended until September 2016. The service provides personal care and support to people living at home in Brighton and Hove. The intention is that the services will be accessible to those who are assessed as needing public funding and those who fund their own care. The new services will be jointly modelled between Brighton and Hove City Council and NHS Brighton & Hove CCG, with the latter a contracting party via an Access Agreement.
- 3.5 Key to the new contracts is a commitment to quality. They will be outcome based. Commissioners are consulting closely with stakeholders, including potential providers, assessment teams, users and carers. The aim is to minimise disruption to service users.
- 3.6 The United Kingdom Homecare Association Ltd (UKHCA) is the professional association of home care providers from the independent, voluntary, not-for-profit and statutory sectors. They have designed a cost model which can be used for the calculation of a fair price for social care services. This has been used locally for all costings. It includes paying workers a living wage which will help provide stability to the market.
- 3.7 It is a contract that will evolve. Flexibility is essential; the Council/ NHS CCG will work with providers to change any aspect of the Service Specification during the life of the contract. Developing national or local policies and priorities may also necessitate changes. The views of providers, service users and their carers will be taken into account with any developments. This contract will also be delivered in accordance with the Unison Ethical Charter for Home Care and support the Living Wage.

## Outcome focussed

- 3.8 The new contracts are 'outcome focussed'. It will enable the providers to agree a schedule of care and how it is delivered in partnership with the service user and their representatives. As part of the outcome approach encouragement is given in the model of service delivery to developing links with the local community to assist in decreasing isolation and improving health and wellbeing.
- 3.9 In the existing contract, the Council creates a support plan for providers, including a set schedule to complete specific tasks. This approach is referred to as the 'time and task' method and it can limit innovation and personalisation. It

also leads to the commissioning of 15-minute home care visits, a practice not recommended by the UKHCA (UK Home Care Association) and Unison. The new contract moves away from this approach.

### <u>Areas</u>

- 3.10 The new contracts will continue to use geographically based areas. This allows home care providers to focus their attention on specific areas, reducing travel time and cost and increasing the amount of contact time a care worker has with service users. After much discussion and modelling the 10 geographical area option seems to best meet needs. Links with Health areas have been explored; however the NHS GP Cluster model is not workable, but efforts will be made to link providers to GP clusters.
- 3.11 As a result of the tender process a lead provider will be allocated to each area, with an expectation that they accept the majority of home care packages in that area. This will be a key performance indicator in the new contract (see Contract Monitoring below). Each area will also have a back-up provider who will take up the package if not accepted by the lead provider.

## Core and Enhanced packages

- 3.12 The contract will be priced using a set hourly rate model (as discussed in paragraph 4.10 below). The vast majority of care packages (estimated over 80%) will be labelled as 'core' covered by a set of specific tasks detailed in the Specification.
- 3.13 Some packages will include tasks which require additional training. These include those for people receiving Continuing Health Care and NHS Enhanced Level Two Tasks (such as peg feeding). Care packages including these tasks will be considered 'enhanced' and attract a higher hourly rate. It is anticipated that by the end of the contract period up to 15% of tasks will be enhanced.

### Dynamic Purchasing System (DPS)

- 3.14 A small number of care packages (estimated initially at around 5%) will have requirements outside of the scope of the core and enhanced service specifications. This could include people with complex care needs or challenging behaviour. To ensure these packages are taken up by providers and that a fair price for care is paid, these packages will be allocated to providers via a DPS. The DPS will also be used for core and enhanced care packages which have not been picked up by lead/back-up providers in their areas.
- 3.15 This system allows any qualified provider to submit an application, including a bespoke price, to provide the required care. These applications will then be assessed in terms of both price and quality and the care package allocated accordingly.
- 3.16 Utilising a DPS approach will allow for new entrants in the market to apply to be approved providers and submit applications for packages. This will help stimulate the local market and improve contingency plans in the event of provider

- failure. It is anticipated that the percentage of packages allocated via the DPS will increase throughout the life of the contract.
- 3.17 In addition to the lead and back-up providers in each area, there will be a two number of standalone lots being: procured as complimentary lots to the main home care contract:
  - Home care for people in extra care housing
  - Home care for homeless people
- 3.18 The extra care housing lot covers support at various sites, including the New Larchwood Extra Care facility. This service is currently provided to 16 of the 38 people by the Council's Independence at Home Team. (I@H). The remaining tenants have their care delivered from independent providers, personal assistants, and some people do not require a service.
- 3.19 I@H has been moving to becoming a more specialist short term reabling home care service for several years. No other adult social care provider in the city provides such a service.
- 3.20 The unit cost of the I@H service is significantly higher than that of the independent sector. Due to the higher unit cost, it is important that I@H concentrate on the provision of a more specialist short term services to prevent hospital admission and to facilitate hospital discharge. In addition, the service provides a service of last resort for a small number of people who may require it.
- 3.21 The service users at New Larchwood need longer term, steady state care. They do not require the more specialist short term reabling service that I@H provide. This longer term care is similar to that provided by all the independent sector care providers in the city. The home care service at Patching Lodge & Vernon Gardens extra care schemes is provided by an independent sector provider.
- 3.22 If the recommendations in this report are finally agreed, service users would have their service delivered by the provider who is successful in bidding to provide the home care service at New Larchwood. Each service user would be supported through their transition to a new provider, and their needs would continue to be met. Service users will be informed about this proposal prior to the Health & Wellbeing Board taking place, and they will be supported through this process.
- 3.23 In September, Brighton & Hove Council's recognised unions and relevant staff at New Larchwood were informed of the intention to retender the BHCC Home Care Contract, the inclusion of New Larchwood in this tender and the potential for staff at New Larchwood to TUPE transfer to a new provider. Brighton & Hove Council unions and staff have been kept updated with progress with the retender process since September.
- 3.24 Commissioning the service with a new provider will result in a TUPE event (Transfer of Undertakings (Protection of Employment) Regulations 2006). A TUPE event occurs where an undertaking is transferred and there is an economic entity which retains its identity. TUPE will see relevant Brighton & Hove Council staff, jobs and employment transfer to the new provider on the same terms and conditions as their current employment. This change of provider

is likely to result in some savings to the Council. The TUPE Regulations require that affected Staff and appropriate representatives are informed and consulted on the issues arising as a result of the potential transfer. Affected staff and Union representatives have been consulted in compliance with the Regulations.

3.25 To ensure the new service is a success, a set of robust key performance indicators will be included in the contract. These include tracking of performance in relation to:

Ensuring a quality service	Performance measurement
Making sure service users receive their service in a timely way	Pick up time for lead and back-up providers i.e. the interval between which a Package of Care is offered to a Provider and it is accepted
The consistency of care workers visiting service users	Monitoring Care Workers' entry and exit times on home care visits.
Ensuring recruitment and retention of staff	Payment of a living wage and travel expenses for care workers
The quality of training for home care staff:	This is critical to ensure service users are receiving a quality service which is safe and effective.

3.26 Service quality will be monitored by the Commissioning and Performance team and also the Care Quality Commission which provides regular updates to the Council.( Care Providers must be registered with the Care Quality Commission).

### Proposed Rates and impact

- 3.27 The set rate for Core care packages has been based on the UKHCA's annual report 'A Fair Cost for Home Care', with some local variations to take into account the particularities of Brighton and Hove. Key factors such as the living wage and paid travel time/expenses have been addressed and all business processes have been reviewed to ensure that the new contract delivers value for money.
- 3.28 The proposed hourly rates and the estimated additional full year cost are:

Core	Enhanced	Annual increase in	% increase compared to
Rate	Rate	<b>Commitment (Council Collects</b>	<b>Current Commitment</b>
(£ per hour)	(£ per hour)	Income)	
17.24	19.24	£0.531m	5.8%

3.29 This recommendation mirrors the 'running the business and profit' percentage rate suggested by the UKHCA and results in an increase in the hourly rate paid by the Council and NHS. The recommendation seeks to address the volatility of the market and meet the requirements to pay carers a living wage.

3.30 Some of the impact of this increase is offset via changes to the model of delivering the service, such as the removal of enhancements for 15 minute calls.

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The home care market is fragile and action needs to be taken to encourage new local providers. The dynamic purchasing model will allow new providers entrance and provide for a more robust market. Additionally the new contract will deliver better terms for care workers and enable targeted, transparent and fair monitoring of delivery.

### 5. ENGAGEMENT & CONSULTATION

- 5.1 Officers from Brighton and Hove Council and NHS Brighton & Hove CCG have worked very closely with a range of stakeholders. Existing providers have attended a number of engagement events, where various elements of the service specification and model have been discussed. Where appropriate, provider feedback has had a direct impact on the model. Two wide-ranging market testing exercises have been completed and a large briefing event for all providers in the market has taken place.
- 5.2 Service users and their representatives have attended a working group which is responsible for input into question setting and providing evaluation guidance to the tender evaluation panel.
- 5.3 A project board with monthly meetings was established at the commencement of the project. Representatives on the board include officers from commissioning, procurement, finance, human resources, legal the CCG and operational teams such as care matching and assessment services.

#### 6. CONCLUSION

- 6.1 The new contract is a joint Council and CCG offer and it should attract new providers into the market. If the report is agreed home care currently provided by I@H at New Larchwood will be included in the tender alongside other home care provided in Extra Care housing.
- 6.2 The new contract will offer a new fee to providers. Key factors such as the living wage and paid travel time/expenses have been addressed and all business processes have been reviewed to ensure that the new contract delivers value for money. It is an outcome focussed contract that removes the need for the 15 call.
- 6.3 There has been wide ranging engagement in place since the start of the project. This has included service users and their representatives in addition to professionals working in Care and Health.

### 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications

- 7.1 The Council's estimated full year cost of current service agreements for care packages on the current Home Care set rates is £9.182m for 1,416 clients.
- 7.2 The 2016/17 increase in net cost for September 2016 to March 2017) is anticipated to be £0.373m (£0.531m full year effect). The net cost allows for an increase in income from full-costers (self-funders) of £0.072m (£0.097m full year effect). The proposed 2016/17 budget allows for an increase of 2% from inflation(£0.184m) which will reduce the financial impact of the increased rates to £0.189m for 2016/17 (£0.347m full year effect).
- 7.3 The standard and enhanced rates have been calculated using the UK living Wage of £8.25 per hour (as promoted by the Living Wage Foundation) and based on the UK Home Care Association 'A Fair Cost for Home Care' report and adjusted for local market intelligence. The additional cost of allowing for UK Living wage within the proposed rates is estimated at £0.373m for 2016/17 with a full year effect of £0.531m. The revised contract is expected to improve the Value for Money for both the Council and Brighton & Hove CCG.
- 7.4 Future increases in the UK Living Wage will impact on the gross fees and this will be modelled when the new rates are announced in November of each year and built into the medium term financial strategy.

Finance Officer Consulted: Anne Silley Date: 21/12/15

### Legal Implications:

- 7.5 The Services required under this procurement fall within Schedule 3 of the Public Contracts Regulations 2015 (SI 2015/102) and therefore subject to what is frequently referred to as the "light touch regime". The value of the procurement exceeds the threshold (£589,148.00) at which an advertisement is required to be placed in the Official Journal of the European Union. The opportunity will therefore be advertised across the European Union satisfying the requirement to seek value for money. The procurement process is not unduly proscribed but must accord with the fundamental public procurement principles of transparency, fairness and equal treatment. The OJEU notice is a fundamental procurement document and it is important the notice reflects the extent to which variation of the contract over its life is permitted to reflect changing circumstances, developments in best practice; the provisions relating to the requirement to pay the living wage and the potential for a TUPE transfer. It is a further requirement that the nature of the Lots is specified in the Notice.
- 7.6 Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply in which case the provision of the regulations must be complied with.
- 7.7 Consideration must also be given when letting service contracts to the provision of social value (Public Services (Social Value) Act 2012). This is apparent from the report which indicates that the model of service delivery will include encouragement to extend links for service users in the wider community.

7.8 It is a function of the Health and Well Being Board to oversee and make decisions concerning Adult Social Care. Reference to the Care Act is made in the body of the report. Section 5 of the Care Act 2014 imposes duties on the Local Authority to facilitate and shape the market so that it meets the needs of all people in its area who need care and support, regardless of how it is arranged or funded. The duties imposed require the Local Authority to ensure the market provides diverse, high quality, sustainable options to meets needs now and in to the future.

Lawyer Consulted: Judith Fisher and Sandra O'Brien Date: 08/1/16

### **Equalities Implications**

7.9 Since the beginning of the home care tender project an Equalities Impact Assessment has been used to inform processes.

### Sustainability Implications:

- 7.10 The new model of the home care service will enable providers to plan their scheduling and routes more effectively, reducing the amount of travelling between appointments. Additionally, the area model is being utilised, ensuring the area covered by providers is of relatively small size. These features reduce the environmental impact of travelling and enable care workers to walk and use public transport.
- 7.1 The home care market both nationally and locally is unstable. Providers are finding it difficult to recruit and retain staff. Some providers struggle to remain in profit and there have been significant exits from the market. In order to support the market the new contract includes smarter ways of working and improved fees.

### Health, social care, children's services and public health

7.2 The new home care contract is a joint contract for home care to adults. It will be between the Council and CCG with providers. All parties have been involved as stakeholders through the process. Prevention, reabling care is a core care component.

# **SUPPORTING DOCUMENTATION**

None

# POLICY & RESOURCES COMMITTEE

# Agenda Item 149

**Brighton & Hove City Council** 

Subject: Pay Policy Statement 2016/17

Date of Meeting: Policy & Resources Committee – 17 March 2016

Council – 24 March 2016

Report of: Acting Executive Director for Finances and

Resources

Contact Officer: Name: Matt Naish Tel: 29-5088

Email: matt.naish@brighton-hove.gov.uk

Ward(s) affected: All

### FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Localism Act 2011 requires local authorities to produce a pay policy statement to be approved by Council annually before the start of the financial year to which it relates. The aim is to increase accountability, transparency and fairness in the setting of local pay. These statements must set out the council's policies on a range of issues relating to the pay of its workforce, particularly its senior and lowest paid staff. The provisions in the Act do not seek to determine what decisions on pay should be taken or what policies should be in place, but require councils to be more open about their policies and how decisions are made
- 1.2 This report seeks approval of the Policy & Resources Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2016.

### 2. RECOMMENDATIONS:

### That Policy & Resources Committee:

2.1 Recommends to Council the adoption of the pay policy statement 2016/17 attached at Appendix 1.

### That Council:

2.2 Adopt the pay policy statement 2016/17 attached at Appendix 1.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Localism Act 2011 requires local authorities to produce annual pay policy statements prior to the year to which they relate. The statement for 2016/17 is attached at Appendix 1. The council may amend its statement by resolution of Council if required during the year to which it relates. Schools' staff fall outside the scope of this legislation. Individual governing bodies are responsible for setting and updating their own Schools' Pay Policy each year.
- 3.2 Chief officers, for the purpose of this legislation, are those who report to the Chief Executive and those who report to posts reporting to the Chief Executive i.e. deputy chief officers.
- 3.3 The statement must provide a definition of lowest-paid employees adopted by the council for the purposes of the statement and it must include the council's policies relating to the remuneration of chief officers, payments to chief officers on leaving and the publication of information on the remuneration of chief officers. The Department for Communities and Local Government guidance, 'Openness and Accountability in Local Pay', states that Members should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State's guidance considers the appropriate threshold to be £100,000. In Brighton & Hove, the Council has established an Appointment and Remuneration Panel whose advice must be sought in relation to senior salaries. Therefore, it is considered that there are adequate systems in place to ensure value for money.
- 3.4 Supplementary Guidance published in February 2013 recommends greater scrutiny and accountability for decisions made to offer large severance packages. Again the recommended threshold for Member involvement is set at £100,000 and states that all components of such packages e.g. pay in lieu of salary, redundancy payments, pension entitlements, holiday pay and any other fees or allowances are clearly set out. The attached pay policy statement provides that decisions in relation to permanent recruitment or compensation payments above the £100,000 threshold will be referred to the Appointments and Remuneration Panel for consideration and recommendation to the Chief Executive. All other severance packages are considered and agreed by an officer compensation panel comprising the Head of Human Resources, the Monitoring Officer and the s151 Officer (or their delegates). The council's external auditors are also consulted about the value for money of any potential offers to Chief Officers. Compensation packages in excess of £100,000 which relate to the Chief Executive will be referred to Policy & Resources Committee for approval.
- 3.5 The Act does not require specific numerical data on pay and reward to be published as part of a council's pay policy statement. However, the guidance suggests that consideration be given to how the pay policy statement fits with data on pay and reward that councils are already required to publish on their websites, under the Local Government Transparency Code and by the Accounts and Audit (England) Regulations 2011. The data that is published is published in accessible formats according to the guidance contained in the aforementioned publications.

- 3.6 The council publishes pay data annually in accordance with the Local Government Transparency Code. The majority of this information is published as soon as possible after the start of the financial year, however information required to be published in conjunction with the Accounts and Audit (England) Regulations 2011 is published in June each year in an unaudited format and then the fully audited accounts are published in September each year.
- 3.8 The Act requires authorities to explain what they think the relationship should be between the remuneration of its chief officers and its employees who are not chief officers. The pay multiple is calculated using the median pay of all employees within the scope of the Pay Policy Statement as a multiple of the Chief Executive's salary. This method is in line with the Hutton report on Fair Pay, which is referred to in the 'Openness and Accountability in Local Pay' guidance. Last year the pay multiple was 5.9:1. This is recalculated after the end of the financial year and published on the council's website as part of our pay data. The pay multiple is calculated using the definition contained in the Local Government Transparency Code i.e. the ratio between the highest paid employee and the median salary of the whole of the authority's workforce (excluding school staff).
- 3.9 The pay multiple has reduced since last year, this is due to the pay for the Chief Executive staying static, whilst the majority of other staff have received a pay rise, this also feeds through to allowances paid to staff hence the fall in the pay multiple.
- 3.10 The salary package for the Chief Executive remained the same in the past year. The Living Wage for council employees will increase from £7.85 to £8.25 per hour with effect from 1<sup>st</sup> April 2016.
- 3.11 The pay policy statement provides links to our existing policies on redundancy, retirement and other compensation payments. These policies set out who is responsible for decisions on such payments. It is the council's policy that employees who accept a financial package on voluntary termination of their employment with the council are not re-employed or engaged as a self employed contractor or through an agency for a minimum period of two years.
- 3.12 The pay policy statement excludes all schools based staff including Headteachers.
- 3.13 The pay policy statement, when published on our website, will contain hyperlinks to related information.

### **Proposed Changes in Legislation relating to Exit Payments**

3.14 In November 2015 the Government indicted its intention to introduce a cap on exit payments for employees in the public sector. This will be included within the Enterprise Bill 2015 which is timetabled for royal assent in late spring 2016. Regulations are planned for approval in late summer 2016.

The Enterprise Bill states that:

- Exit payments in the public sector will be capped at a maximum of £95,000 including pension benefits
- The cap will include all payments in relation to all exits from relevant employments that occur within 28 day period
- The cap will cover a wide range of payments
- There will be a limited number of exempt payments (e.g. death or injury)
- There will be power for full council to waive the cap subject to Treasury directions
- 3.15 Further, in December 2015 the Government issued draft regulations concerning the recovery of exit payments made to employees who have left the public sector and return to the same within a period of 12 months. The regulations are due to take effect from April 2016. The Government proposes to set the minimum salary at which the recovery provisions apply at £80,000 per annum.
- 3.16 Relevant council employment policies will be reviewed once the full details and implications are known in relation to the new Regulations concerning exit payments.

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Pay Policy Statement is a statutory publication and we are therefore obliged to publish it. Consideration has been given to the levels of transparency contained within the report, but the conclusion reached is that the detail is in compliance with guidance issued on this subject.

# 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The purpose of this pay policy statement is to provide transparency on how local decisions on pay are made.

### 6. CONCLUSION

6.1 It is a requirement of the Localism Act 2011 that Members are consulted prior to the publication of the Pay Policy Statement. It is therefore recommended that Policy and Resources Committee approve this report and make the recommendation to full council to approve the Pay Policy Statement 2016/17.

# 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

7.1 The annual pay policy statement supports good governance and allows benchmarking comparisons with other local authorities to assess Value for Money. The pay assumptions within the budget for 2016/17 are consistent with this policy including provision for the Living Wage to increase to £8.25 per hour from 1<sup>st</sup> April 2016.

Finance Officer Consulted: James Hengeveld Date: 04/02/16

### Legal Implications:

The proposed Pay Policy Statement complies with the requirements of s38 Localism Act 2011 and has taken into account associated guidance. The proposed Statement is also consistent with existing Data Protection and Employment legislation. The Repayment of Public Sector Exit Payments Regulations 2015, made under the Small Business, Enterprise and Employment Act 2015, are currently in draft but are due to come into force in April 2016. These Regulations will require certain public sector workers to repay some or all of any 'qualifying exit payments' in certain circumstances. The Public Sector Exit Payments Regulations 2016, to be made under the Enterprise Bill, are also in draft and propose to set a cap of £95,000 to apply to the majority of public sector exit payments. The Council's employment policies and procedures will require review to ensure that they reflect the requirements of the new Regulations.

It is a requirement of the Localism Act that the Pay Policy Statement is approved by Full Council

Lawyer Consulted: Elizabeth Culbert Date: 10/02/16

### **Equalities Implications:**

7.3 The publication of a pay policy statement increases transparency over pay and promotes fairness.

**Sustainability Implications:** 

7.4 None

Any Other Significant Implications:

7.5 The pay policy statement provides local taxpayers with information on how the council makes local decisions on pay and thus provides greater openness and transparency to assist the public to assess value for money

# **SUPPORTING DOCUMENTATION**

# **Appendices:**

1. Appendix 1 Pay Policy Statement 2016/17

### **Documents in Members' Rooms**

None

# **Background Documents**

- 1. The Localism Act 2011
- 2. Openness and accountability in local pay: Guidance under section 40 of the Localism Act
- 3. Openness and accountability in local pay: Guidance under section 40 of the Localism Act Supplementary Guidance February 2013
- 4. Code of Recommended Practice for Local Authorities on Data Transparency
- 5. Hutton Review of Fair Pay in the Public Sector 2011

# **Brighton & Hove City Council Pay Policy Statement 2016/17**

#### 1 Aim

Brighton & Hove City Council wants to ensure that the City and its residents receive high quality services and excellent value for money. In the context of the significant budget challenges that the council faces, pay levels need to be set at a level that will enable the council to attract and retain high calibre individuals without being overly generous or imprudent with public funds.

To achieve this, the council requires a workforce at all levels that is conscientious, professional and reliable and which has the relevant up-to-date skills and knowledge to deliver high quality services to the residents of and visitors to Brighton and Hove.

The council depends on a high calibre senior management team able to provide leadership and to work in close partnership with other private, public and voluntary agencies across the City. The senior team need to work with partners to assess and understand the level of need across the City and to commission and deliver services. At the same time they need to be able to lead change programmes and reduce costs to deliver better outcomes for customers. An innovative, skilled and experienced workforce is vital to the delivery of our vision and this is at the heart of our pay policy. This principle applies from the lowest to highest paid employee.

Whilst recognising the market rates for pay, the council seeks to ensure that pay policies are based on fairness and equality and allow the workforce to live healthy and happy lives. The council has introduced the voluntary 'Living Wage' and is working to reduce the pay gap between the highest and the lowest paid. The pay multiple between the Chief Executive and the median earnings of the rest of the workforce will be published annually on the council's website.

# 2 Scope

This document complies with our statutory responsibility to produce a pay policy statement annually pursuant to s38(1) of the Localism Act 2011. This policy statement requires approval by full council. The council wishes to ensure that local taxpayers are able to take an informed view on all aspects of the council's remuneration arrangements and the pay policy statement will be published on the council's website.

The statement applies to all employees of the council and 'casual workers', except for those staff based in schools and apprentices throughout the council.

This Statement of Pay Policy will operate subject to any requirements regarding exit payments pursuant to the Enterprise Bill and the Small Business, Enterprise and Employment Act 2015 and associated Regulations.

### 3 Definitions

For the purposes of the pay policy statement the following definitions will apply:

- Brighton & Hove City Council defines its lowest paid employees as those who are
  paid on the lowest spinal column point of our <u>grading structure</u>. This is the
  voluntary 'Living Wage' and is applied to casual workers as well as employees. A
  full time post is based on a 37 hour week.
- Chief Officers are defined as those who report directly to the Chief Executive. In Brighton & Hove these are currently the members of the Executive Leadership Team. Those who report to the Executive Leadership Team, for the purpose of this policy statement, are also defined as Chief Officers.

### **Senior Structure**

For the purposes of this pay policy statement the Executive Leadership Team comprises the following posts; Chief Executive, Executive Director of Children's Services (DCS), Executive Director of Adult Social Services (DASS), Executive Director of Environment, Development & Housing, Executive Director Finance and Resources, Head of Law and Monitoring Officer, Assistant Chief Executive and Director of Public Health.

The Corporate Management Team comprises members of the Executive Leadership Team and Heads of each Service (Link to structure chart).

### **National Pay and Conditions**

There are a number of national agreements produced through collective bargaining arrangements for different groups of local government staff. The main negotiating bodies relevant to our workforce and their scope are listed below. Brighton & Hove City Council operates these national conditions as amended by local agreements.

The National Joint Council (NJC) for Local Government Services negotiates collective agreements on pay and conditions for local authority employees who are not covered by other specialist negotiating bodies (e.g. teachers).

The Joint Negotiating Committee for Chief Officers of Local Authorities (JNC) covers the pay and conditions for Chief Officers.

The Soulbury Committee negotiates the pay and conditions for advisory staff in local education authorities (LEAs), such as: educational improvement professionals (previously advisers and inspectors) and educational psychologists.

The Joint Negotiating Committee for Youth and Community Workers covers the pay and conditions of youth and community workers.

### 4 Governance

The Policy & Resources Committee is responsible for setting policy on pay and conditions of employment within Brighton & Hove City Council. The council has adopted the National Joint Council terms and conditions for local authority staff as amended locally. Chief Officers, including the Chief Executive, are mainly employed on nationally negotiated JNC terms and conditions but their pay is determined locally. A minority of Chief Officers are employed on NJC terms and conditions, but similarly their pay is determined locally.

The relevant sub-committee, committee or the Chief Executive approves the appointment of staff in accordance with the Officer Employment Procedure Rules. The Council has adequate systems in place through the Appointment and Remuneration Panel to ensure value for money.

The Appointments and Remuneration Panel may also be consulted for its views in connection with the statement of pay policy. (<u>Link to Constitution</u>). The policy in respect of the remuneration of interims and consultants is set out under paragraph 19 below.

# 5 Grading Structure

The council uses a recognised, analytical job evaluation scheme to ensure that there is an objective process for determining the relative size of jobs and thus allocating jobs to the appropriate grade. This is used for all posts, apart from those of the Chief Executive and Executive Directors and staff employed on Soulbury and Youth Worker conditions of service. Our current pay and grading structure was implemented during 2010.

# 6 Progression

All posts, apart from that of the Chief Executive and the Executive Directors are employed on grades containing spinal column points. Employees progress through their grade each year, rising by one incremental point, until reaching the maximum point of the grade. Pay awards for NJC and JNC staff are negotiated nationally. (NJC and JNC grades) Where a member of staff is the subject of formal disciplinary and capability processes, increments may be withheld.

Employees may be accelerated up the pay grade by a maximum of two spinal column points to recognise exceptional performance. Link to <u>Additional Payments Policy</u>.

### 7 Remuneration on Appointment

Staff are usually appointed on the minimum spinal column point of the grade. However, where there are difficulties recruiting to a post or where an individual can demonstrate significant valuable previous experience, appointment may be agreed at a higher spinal column point within the grade.

The Chief Executive is required to consult the Council's Appointments and Remuneration Panel on the appropriate starting salary for any new permanent Executive Director appointments or any other proposal to offer a permanent appointment with a salary package of £100,000 or more.

### 8 Chief Executive

The Chief Executive's salary is set to ensure that it is competitive when compared to roles of similar size and complexity elsewhere and with regard to the challenges, additional hours and working arrangements required to achieve the requirements of the role. The salary is on a single fixed salary point. Nationally negotiated cost of living awards are applied.

The Chief Executive is entitled to receive a fee as set by the Ministry of Justice for acting as the local returning officer for elections. (<u>Link to actual earnings and earnings</u> forecast for 2015/16)

Full Council is required to approve the appointment of the Chief Executive following the recommendation of such an appointment by the Appointment and Remuneration Panel.

#### 9 Executive Directors

The pay and grading of Executive Directors is determined by the requirements of the role and by reference to the labour market for roles of a similar size and complexity. They are on a single fixed salary point. Nationally negotiated cost of living awards are applied (<u>Link to actual earnings and earnings forecast for 2015/16</u>).

# 10 Corporate Management Team (excluding Executive Directors)

As part of the change to the Council's senior management structure in 2010, the Council commissioned the 'Local Government Employers' to undertake a review of the pay structure. This was to enable the council to attract and retain suitably skilled staff. The new pay structure for these posts places the jobs at or just below the mid–market level when the salaries are compared to those paid by other similar local authorities for jobs of a similar size and complexity. Nationally negotiated cost of living awards are applied.

# 11 Additional Payments

In order to ensure sufficient flexibility to reward staff who are undertaking additional responsibilities the Council's policy on <u>Additional Payments</u> provides for Acting Up Allowances or a one-off Honorarium Payment to be made in specific circumstances.

# 12 Market Supplements

The Council may pay a market supplement where there are proven shortages of individuals with particular skills and experience.

### 13 Travel and Expenses

Where authorised to do so, employees are entitled to be reimbursed for mileage they incur whilst discharging their official duties. The rate of <u>reimbursement</u> will depend on the engine size of a car, other rates are applicable where motorbikes and bicycles are used for this purpose. Employees who have to use public transport to travel for their role are entitled to reclaim the costs of the transport under the council's expenses policies.

# 14 Working Pattern Allowances

The council introduced a new allowance scheme for those employed on NJC terms and conditions on the 01 October 2013, these allowances reward employees who work outside the council's standard working week, which is Monday to Friday between 6am to 8pm each day. Working outside of these standard times will attract an enhancement to the hourly rate. Details can be found in the in the Employee Rights & Responsibilities document.

### 15 Annual Leave

Annual leave entitlements vary according to the terms and conditions of employment. Annual leave entitlements are published on the Council's website.

### 16 Pension Scheme

Membership of the Local Government Pension Scheme is subject to the rules of the scheme and contribution rates are set by legislation (<u>Link to Rates on ESCC website</u>). Where individuals are already in receipt of a local government pension they are subject to the rules on abatement of pension within the scheme.

# 17 Redundancy, Retirement and other Compensation Payments

The council's approach to dismissals on the grounds of redundancy or efficiency of the service and in the case of early retirement can be found in the following policies on our website: Redundancy, Retirement and other Compensation Payments policy statement and Retirement at Brighton & Hove.

In exceptional circumstances the council will agree to settle a claim or potential dispute upon the termination of employment by way of a compensation payment. This is agreed by an officer panel comprised of the Head of Human Resources, the Monitoring Officer and the Executive Director Finance and Resources (or their delegates). In the case of Chief Officers or in any cases where the proposed payment is £100,000 or more this will be referred to the Appointments and Remuneration Panel for consideration and recommendation to the Chief Executive. The District Auditor is also consulted about any potential offers to Chief Officers. Compensation packages in excess of £100,000 which relate to the Chief Executive will be referred to Policy & Resources Committee for approval.

Note: This Statement of Pay Policy will operate subject to any requirements regarding exit payments pursuant to the Enterprise Bill and the Small Business, Enterprise and Employment Act 2015 and associated Regulations.

### 18 Single Status

The council has completed its obligations under the single status agreement of 1997, all NJC and JNC roles have been evaluated against a consistent job evaluation scheme and are therefore paid equitably across the council, furthermore a new allowance structure has been introduced as per 14 above. The council is therefore compliant with all equalities legislation regarding pay

### 19 Remuneration of Staff – Contract for Services

Individuals employed on a contract for services will be paid at a rate consistent with the pay of directly employed staff performing a comparable role and will consider where relevant, a premium to take into account any relevant market factors. It is the council's policy to minimise the use of consultants wherever possible and the approval of the

Chief Executive is required prior to any commitment to expenditure on consultants in excess of £10,000.

# 20 Remuneration of Staff – Publication of Information

The council publishes details of <u>staff earnings</u> in accordance with legal requirements on transparency. Further information is contained in the <u>Annual Report and Accounts</u> in accordance with the Audit of Accounts legislation.

# POLICY & RESOURCES COMMITTEE

# Agenda Item 150

**Brighton & Hove City Council** 

Subject: Planned Maintenance Budget Allocation 2016-17 and

**Programme of Works for the Council's Operational** 

**Buildings** 

Date of Meeting: 17 March 2016

Report of: Acting Executive Director of Environment,

**Development & Housing** 

Contact Officer: Name: Angela Dymott Tel: 29-1450

Martin Hilson 29-1452

angela. dy mott@brighton-hove.gov.uk

Email: martin.hilson@brighton-hove.gov.uk

Ward(s) affected: All

#### FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To report upon the proposed 2016-17 allocation of essential repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £3,051,150 and the Social Care Planned Works Budget of £500,000.
- 1.2 These budgets relate to those buildings where the council has a repairing liability but excludes council housing, highways and educational establishments which have their own budgetary provisions.

### 2. RECOMMENDATIONS:

- 2.1 That Policy & Resources Committee-
  - (i) approve the annual programme of planned maintenance works as detailed in Appendices 2 and 3, at a total estimated cost of £3,551,150; and
  - (ii) grant delegated authority to the Assistant Director of Property & Design to procure the planned maintenance works and enter into contracts within this budget, as required, in accordance with Contract Standing Orders.

### 3. CONTEXT/ BACKGROUND INFORMATION

### **Asset Management**

3.1 The council's Corporate Property Strategy & Asset Management Plan 2014-2018 (CPS & AMP) sets out the property context for Brighton & Hove, the council's

strategic property objectives, and is available for download from the Council's website.

- 3.2 The Corporate Building Maintenance Strategy 2015-2018 that supports the CPS & AMP, is an appendix of the AMP and sets out a robust strategic framework to deliver the key property objective to optimise the contribution that property makes to the council's priorities and strategic and service objectives. The aim is to ensure that finite maintenance resources are invested through prioritisation and targeted at our key operational assets to meet service delivery needs and maintain the value of our key assets.
- 3.3 Like most local authorities, the council faces a backlog in its required maintenance, extreme budget challenges and our small and limited maintenance budgets are inadequate for the need. Financial controls applied in 2015/16 meant a substantial £275,000 cut in the annual programme that increases our prioritised volumes of required maintenance. This is further compounded by this planned maintenance budget being squeezed on both sides; having no formalised capital investment programme to replace life-expired buildings and structures sitting above and a reduction in routine maintenance servicing budgets below.
- 3.4 We aim to ensure best use of resources, value for money and that funding is properly prioritised. The CPS & AMP and Corporate Building Maintenance Strategy further details the way in which the council manages the required maintenance of its property assets and is the basis used for prioritising and setting this annual programme of works. The Workstyles programme ensures our key administration buildings are refurbished and we dispose of our unsuitable buildings. Under this programme we will minimise major repairs to buildings that are to be disposed, only addressing emergency priorities. This will also help to reduce carbon emissions from our estate. This principle is applied to all operational buildings/sites that are being considered for disposal, alternative use and delivery models, redevelopment and major investment. Examples being the King Alfred and the Brighton Centre. Our key aim is to avoid reaching a critical tipping point whereby our maintenance backlog figure is not containable. With reducing budgets and financial controls on all bar essential maintenance, it is a major challenge to try to ensure that certain buildings and structures do not bring down the appearance and reputation of the City.
- 3.5 This annual planned maintenance budget allocation is prioritised to address the more critical and essential maintenance works to support service re-design and delivery and ensure that statutory compliance works and key Health and Safety risks are addressed. Essential maintenance also includes works of a structural nature and those that keep our buildings watertight. The planned programme does not include remedial works to rectify storm damage which is covered by reactive maintenance budgets or insurance claims.
- 3.6 In accordance with the council's 50 year lease agreement with the trustees of the Dome Complex that commenced in 1999, £199,955 has been top-sliced from the budget annually to contribute to a sinking fund for maintenance liabilities at the Dome. There is an obligation within the lease agreement that the council provides a contribution to a sinking fund each year (that increases by RPI) to maintain the fabric of the building including major items of plant and the budget for this is included in the Planned Maintenance Budget.

### **Corporate Landlord Function**

3.7 The council's property is managed strategically and operated through a mixed economy Corporate Landlord model that centralises the council's property functions to professional teams in Property & Design. The aim is to make best use of our assets and improve the utilisation, efficiency and effectiveness of our land and buildings. This is supported by the Council's new asset data management software Atrium that centralises all property related information. Subject to current financial controls being reviewed a refresh of condition survey data is planned to be undertaken in 2016-17 to ensure a robust assessment of the council's 5-year requirement for planned maintenance.

### **Procurement of Planned Maintenance**

3.8 Contract Standing Orders revised in 2015 set out the mechanism for the procurement of works. The Construction Professionals within Property & Design have streamlined the way we procure planned maintenance through a wide range of collaborative processes. Achieving the best use of every pound spent and reducing risk is largely dependent upon adopting the right form of procurement for each given situation. Larger value projects are procured and delivered through the council's 4 year Strategic Construction Partnership. For mid-value projects we have used the Sussex Cluster Contractor Framework originating from the Improvement and Efficiency South East (IESE) initiative working in close collaboration with neighbouring county, district and borough councils, housing associations, Health Trusts, Universities, East Sussex Fire and Rescue and Sussex Police. This is likely to increase as we build upon existing partnerships with the possible Orbis arrangement. Lower value planned maintenance projects that are well defined, and simplistic in nature, are procured using traditional competitive tendering to achieve best value.

# **Procurement of Term Maintenance & Servicing Contracts**

3.9 This budget includes an allocation to fund routine maintenance and servicing contracts an integral part of good planned maintenance practice. This includes mechanical and electrical, lifts and water hygiene maintenance. One of the main benefits of the adoption of the Corporate Landlord model is the economy of scale, efficiencies and ease of management through the combination and retendering of several, smaller, similar contracts.

# **Summary of Annual Programme**

3.10 The financial allocation to each Client area is listed within appendices 2 and 3. Examples of planned maintenance works in the corporate programme include external repairs and redecoration to the Royal Pavilion, Palace Place and Northgate House to help protect the historic fabric of these listed buildings. There are also structural repairs to remedy cracking to the historic India Gate. Seafront railings are redecorated on a rolling programme. A sum funds the

installation of temporary fencing along Madeira Drive, currently in progress, to protect the public from risk of failure to Madeira Terrace whilst solutions are being sought. Following the successful Workstyle internal refurbishment of Bartholomew House the external fabric refurbishment programme continues with further works to windows and cladding. Essential roofing repairs are proposed to Brighton Town Hall to reduce damaging rainwater ingress. An allocation has been made to support the replacement of life-expired swimming pool plant at the Prince Regent.

\* The recent storm repairs to the King Alfred roof are covered under insurance budget provisions.

There are also various allocations that support the replacement of life expired mechanical and electrical systems across the buildings. It should be noted that the corporate fabric maintenance, mechanical and electrical contracts cover all the property types in Appendix 2. Each Client area also has a sum allocated for Health and Safety management works which helps support service providers to progress any prioritised remedial works throughout the course of a year. This could include alterations to meet recommendations of a Fire Risk Assessment. Examples of areas of work to the adult and children's Social Care portfolio include a variety that address risk reduction to support some of the most vulnerable; such as improving security, installing hoists, resurfacing and internal redecorations. There are also allocations to fund external repairs and redecorations, refurbishing and replacing windows.

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Failure to maintain our building stock and conform to Health and Safety and other statutory legislation to meet liabilities will increase risks, inhibit service delivery, may lead to a negative perception of the council, reduce the value of the assets and prevent fulfilling the council's priorities, aims and objectives as stated in the CPS & AMP and Corporate Plan.

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Regular consultations take place with all Client Officers of the relevant Directorates and with technical officers.

### 6. CONCLUSION

6.1 To approve the financial allocation to a prioritised annual programme of maintenance works to the operational buildings set out in Appendices 2 and 3 excluding council housing, highways and educational properties which have their own budgetary provisions.

### 7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The council's revenue funded Planned Maintenance Budget for 2016-17 provides a total of £3,051,150 for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools, housing, highways and social care) and commercial buildings which reflects anticipated savings through smarter contract procurement and the ongoing benefits of efficiencies through the centralisation of the corporate landlord function. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2016-17 capital programme. A permanent annual contribution has been top sliced of £145,200 toward financing costs for the stoneworks at the Royal Pavilion and a contribution toward the Dome Complex sinking fund of £199,955 has also been top sliced from the Planned Maintenance Budget. The Planned Maintenance Budget for 2016/17 includes a one-off capital contribution of £100,000 toward replacement of mechanical equipment at the Prince Regent. this was detailed in the Capital Investment Programme report to Policy & Resources Committee on 11<sup>th</sup> February 2016. The proposed budget allocation to the respective building portfolios reflects the risk prioritisation outlined in the report and is shown in Appendix A to this report.
- 7.2 The council's capital funded works programme provides an additional £500,000, for essential repair works to Social Care premises. The proposed budget allocation is shown in Appendix B to this report. This is funded from borrowing with the financing costs met corporately within the general fund revenue budget.
- 7.3 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2016-17. Emerging compliance risks will be addressed by reprioritising the allocation as required. Risk and priorities will be reassessed and considered in the development of the allocation for 2017-18.

Finance Officer Consulted: Rob Allen Date: 25/01/16

### Legal Implications:

7.4 Works of repair set out in this report must comply with relevant lease conditions and health and safety and other applicable legislation. Framework agreements, with individual contracts being called off under the frameworks and partnering agreements are effective contractual tools for delivering construction contracts on time within budget. All forms of procurement outlined in this report must comply with the council's Contract Standing Orders and, where applicable, EU and UK public procurement obligations.

Lawyer Consulted: Isabella Sidoli Date: 22/01/16

### Equalities Implications:

7.5 Where applicable, items of maintenance work within the programme will consider the Equality Act 2010 to improve access and general facilities to address the diverse needs of staff and users of the civic offices, operational and commercial buildings.

### Sustainability Implications:

7.6 Sustainability will be improved through the rationalisation of assets, associated infrastructure and environmental improvements. Energy efficiency measures are incorporated into maintenance works where appropriate.

# Any Other Significant Implications:

7.7 The maintenance of operational properties is part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

# **SUPPORTING DOCUMENTATION**

# **Appendices:**

- 1. Other Implications:
- Proposed Corporate Planned Maintenance Budget Allocation 2016-17 2.
- Proposed Social Care Planned Works Budget Allocation 2016-17

# **Documents in Members' Rooms**

None

# **Background Documents**

- The Corporate Property Strategy & Asset Management Plan 2014-2018 The Corporate Building Maintenance Strategy 2015-2018 1.
- 2.

### Crime & Disorder Implications:

1.1 There are no direct implications in respect of the prevention of crime and disorder within this report although certain items of work try to minimise vandalism through design and the use of relevant materials.

### Risk and Opportunity Management Implications:

1.2 The risks and opportunities are dependent on the successful procurement of contractors and robust contract and financial management to ensure that works are completed safely within budget and programme. Corporate risk is reduced through the Corporate Landlord model, ensuring consistency of approach for statutory and other legal requirements.

# Public Health Implications:

1.3 The allocation includes funding the Water Management, Mechanical, Electrical and Lift statutory compliance and servicing contracts. Failure to have robust processes to manage these risks could lead to significant public health implications e.g. proliferation of Legionella Bacteria, etc. Both the Corporate and Social Care programmes include prioritised works to reduce risk to public health e.g. structural improvements, internal decorations to improve hygiene in Social Care premises, etc.

# Corporate / Citywide Implications:

1.4 The maintenance and repair of operational properties is part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

# **Proposed Corporate Planned Maintenance Budget Allocation 2016-17**

Property Type	Examples of works and properties covered	Client Officer	Budget Allocation
Corporate - Building	Asbestos testing & fees	All	£50,906
Corporate - Fabric maintenance contracts, Mechanical and Electrical	Clearance of roofs, gutters, graffiti removal, boilers, legionella control, lifts, electrical testing & maintenance	All – corporate contracts cover all property types - historic, leisure, libraries, Brighton Centre etc.	£824,939
Historic	Royal Pavilion (including £145,200 annual financing costs for stonework project), Brighton Museum & Northgate House	Tim Thearle	£616,200
Dome	General maintenance	Dome	£199,955
Leisure	Prince Regent, paddling pools & Withdean complex	Kerry Taylor	£303,000
Libraries	Various libraries	Sally McMahon	£54,000
Seafront	Seafront maintenance, Volks Railway & Madeira Terrace (including temporary protective fencing)	Toni Manuel	£283,850
Amenity	Parks buildings, cemeteries & memorials	Peter Wickson	£130,000
Civic	Bartholomew House & Brighton Town Hall	Martin Hedgecock	£259,600
Hollingdean Depot	Hollingdean Depot	Jan Jonker	£50,000
Commercial	Industrial House & misc. Landlord obligations	Jessica Hamilton	£112,200
Venues	Brighton Centre	Howard Barden	£166,500
	TOTAL		£3,051,150

# **Proposed Social Care Planned Works Budget Allocation 2016-17**

Property Type	Examples of works covered	Prioritisation	Budget Allocation
	Mechanical –replacement boilers & heating controls	Condition survey & energy efficiency measures	£23,100
Social Care Premises	Internal Refurbishment – to meet hygiene regulations & address H&S issues	Statutory & condition survey	£145,200
	External Refurbishment – window replacement, external repairs & refurbishment	Condition survey	£293,200
	Fire Precautions – works identified through fire risk assessments	Statutory	£33,000
	Electrical – lighting replacement & automatic doors	Condition survey	£5,500
		TOTAL:	£500,000

# POLICY & RESOURCES COMMITTEE

# Agenda Item 151

**Brighton & Hove City Council** 

Subject: Asset Management Fund 2016/17

Date of Meeting: 17 March 2016

Report of: Acting Executive Director Environment,

**Development & Housing** 

Contact Officer: Name: Angela Dymott Tel: 291450

Email: angela.dymott@brighton-hove.gov.uk

Wards affected: All

### FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 This report seeks approval for the £0.275 million remaining balance of the 2016/17 Asset Management Fund allocation and should be read in conjunction with the Special Policy & Resources Committee report of 13<sup>th</sup> September 2013when an allocation of £0.725 million from the Asset Management Fund in each of the financial years, 2013/14, 2014/15 and 2016/17 was approved for Workstyles Phase 3, supporting the council's modernisation agenda.

### 2. RECOMMENDATIONS:

2.1 That Policy & Resources Committee approve the recommended remaining allocations of Asset Management Fund bids for 2016/17 totalling £0.275 million, as detailed in paragraph 3.4 of this report.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Asset Management Fund (AMF) 2016/17 is a capital fund to support property improvements, property related Health & Safety requirements and access improvements under the Equality Act 2010. It forms part of the Capital Strategy 2016/17 along with the Strategic Investment Fund (SIF) of £0.25 million and the ICT Strategy Fund of £2.0 million. The AMF 2016/17 consists of a budget of £1.0 million funded from capital receipts.
- 3.2 The AMF is managed and administered by Property & Design and relates to property related works or improvements to council properties that address three key areas:
  - 1) Property related improvements (not covered by other funding streams.)
  - 2) Property related provisions under the Equality Act 2010
  - 3) Property related Health & Safety legislation

- 3.3 Bids are normally sought annually from client departments/delivery/support units, and are then evaluated and recommendations made for the implementation of the successful bids. However, £0.725 million of the 2016/17 AMF allocation was approved by a Special Policy & Resources Committee of the 13<sup>th</sup> September 2013, to part fund the Workstyles Phase 3 project, which included refurbishment works at Portslade Town Hall, Hove Town Hall and Montague House
- 3.4 The proposed overall 2016/17 AMF allocation is as follows:

Description	AMF	Match
·	Funding £	Funding £
Previously agreed by Policy & Resource Committee 2013 Workstyles Phase 3 works to , Hove Town Hall, Portslade Town Hall and Montague House (Portslade Town Hall and Montague House were completed 2014/15)	0.725	
Sub total	0.725	
Balance of allocation for 2016/17		
1. General Property Improvements		
1a Provision of a new Microphone and Voting System at Hove Town Hall Council Chamber.	0.030	
Match funding for voting system from Workstyles		0.050
Provision of a new corporate electronic meeting room booking software	0.030	
Match funding for room booking system from Workstyles		0.020
2. Equality Act Improvements		
Rolling programme of access improvements to corporate buildings	0.090	
3. Property Related Health & Safety Legislation		
Asbestos Management	0.025	
Legionella Management	0.050	
Fire Risk Assessment Works	0.050	
Sub total	0.275	
TOTAL OVERALL	1.000	0.070

3.5 Details of the individual recommendations are listed in Appendix 2

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Failure to improve the council's core office accommodation, address property related access obligations under the Equality Act 2010 and property related Health & Safety legislation would increase council risks and liabilities, inhibit service delivery, may lead to a negative perception of the council, reduce the value of our assets and prevent fulfilling the council's priorities, aims and objectives as stated in the Corporate Property Strategy and Asset Management Plan2014-2018

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The Workstyles project involves extensive internal consultations on customer and service delivery requirements, flexible working supported by appropriate technology and service re-design.

### 6. CONCLUSION

6.1 This report seeks to approve the remaining balance of the AMF financial allocation and the recommended bids as detailed at paragraph 3.4 and Appendix 1 for property improvements, access requirements under the Equality Act 2010 and property related Health & Safety requirements for 2016-2017

### 7. FINANCIAL & OTHER IMPLICATIONS:

### 7.1 Financial Implications:

The Capital Resources and Capital Investment Programme 2016/17 presented to Budget Council on 25 February 2016 included the allocation for the Asset Management Fund (AMF). Should the allocations included within this report be approved they will be incorporated into the Capital Investment Programme 2016/17. The AMF will support the Workstyles Phase 3 project contribution of £0.725m in 2016/17 as reported to Special Policy & Resources on 12 September 2013. This will be the final contribution of three years contributions from the AMF budget toward Workstyles Phase 3. In the case of investment into general property improvements shown in 3.4 above there will be match funding contributions required and these are already factored into existing capital budgets. Any additional revenue and running costs arising from direct investment through AMF should be met through the existing revenue budget of individual services.

Finance Officer Consulted: Rob Allen Date: 26/01/16

# 7.2 Legal Implications:

The proposed works fulfil legislative requirements under Health & Safety law, including the Regulatory Reform (Fire Safety) Order 2005 and requirements in relation to the control of Legionella.

The access improvement works proposed will assist the council in meeting its obligations under The Equality Act 2010.

Lawyer Consulted: NameElizabeth Culbert: Date: 26<sup>th</sup> January

2016

# 7.3 Equalities Implications

The provision of on-going access works under the rolling programme will assist in the council in meeting requirements under the Equalities Act 2010.

The new voting/microphone system in Hove Town Hall will be designed to assist users who are visually impaired or have hearing difficulties.

# 7.4 Sustainability Implications

There will be reductions in carbon emissions at Hove Town Hall, with the provision of further Photo Voltaic Panels, replacement of oil fired boilers with modern gas condensing boilers and replacement of existing single glazed façade with energy efficient double glazed curtain walling and a new BMS (Building Management System)

There will be increased provision of staff cycle storage and new shower facilities at Hove Town Hall to encourage staff to cycle to work

The new microphones proposed for Hove Town Hall Council Chamber are more energy efficient in that the present microphones need an overnight charge and only last for 6 to 8 hours but the new ones can last for upto 2 weeks.

# **SUPPORTING DOCUMENTATION**

# Appendices:

- 1. Other Implications
- 2. Details of Recommendations

### Crime & Disorder Implications:

#### 1.1 None

# Risk and Opportunity Management Implications:

1.2 There is a Workstyles Phase 3 risk register which covers the projects at Hove Town Hall,. Building works are covered under the CDM (Construction & Design Management) Regulations and other statutory requirements where applicable

### Public Health Implications:

1.3 Works to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice ensures public health requirements are met with regard to Legionella and asbestos management.

### Corporate / Citywide Implications:

1.4 The works at Hove Town Hall make better use of civic accommodation in line with the corporate modernisation agenda and Workstyles project and the Corporate Property Strategy and Asset Management Plan.

The new room booking system will allow meeting rooms to be used more efficiently by ensuring room bookings are automated, freeing up reception/premises staff. It will allow some rooms to be hired out to generate additional income and allow public sector staff who will be working and co-locating in Hove Town Hall and other buildings to operate more efficiently.

### 1) General Property Improvements

### 1a) Provision of a new microphone & voting system at Hove Town Hall: £80,000

The existing microphone and voting system at Hove Town Hall is outdated and unreliable and does not meet current needs. It is difficult to set up and there have been many occasions when members have been unable to hear each other clearly.

The new system will improve sound quality, reduce maintenance costs as batteries will not need charging so frequently and will require less time to set up. It will also improve webcasting and will be more flexible in that it will incorporate a built in voting system, the results of which can be transferred to an electronic database.

There is a £50,000 contribution of match funding from the Workstyles programme towards this bid.

## 1b) <u>Provision of a new corporate electronic meeting room booking software:</u> £50,000

The existing room booking system which is in use across the Council relies on Microsoft Outlook. The system is very basic and was introduced at an early stage of the Workstyles programme. With the roll out of Phase Three Workstyles, the number and use of meeting rooms has changed considerably, with staff working more flexibly in various locations across the city.

The new software will enable third parties such as the CCG, CAB etc who will also the occupying Hove Town Hall, to be able to book meeting rooms. Room bookings would become automates which would make their use more efficient and the system will also be able to monitor occupancy and potentially allow third party income generation in certain locations

There is a £20,000 contribution of match funding from the Workstyles programme towards this bid.

### 2) Equality Act Improvements: £90,000

Work is proposed to the following buildings:

- Hangleton Community Centre New External Ramp
- Hove Town Hall Hearing enhancement systems to meeting rooms
- Booth Museum New Internal Ramp
- Brighton Town Hall upgrade existing accessible WCs
- Adaptations in relation to various residential care homes following Fire Risk Assessments

### 3) Property Related Health & Safety Legislation

### Asbestos Register: £25,000

This allocation meets three requirements:

- 1) The annual cost of the asbestos section of the proposed comprehensive Property Management and Performance data base, Atrium
- 2) A £10,000 allocation contributing towards a centralised corporate fund to meet the actions as detailed in the corporate asbestos surveys. This fund is used to manage the risk and prevent exposure and the spread of Asbestos Containing Material and is prioritised in the Corporate Asbestos Register.

### Legionella Works (L8): £50,000

On-going works are required to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice – HES-L8 to prevent the occurrence of legionella in installed equipment and water systems. Works are planned to be carried out to Civic, Social Care and Schools buildings as identified by the Council's Compliance Manager. Works include removal of pipe 'dead legs', temperature calibrations, measures to keep water at prescribed temperatures and provision of secondary returns to avoid stagnation.

Works are proposed at The Lanes Carpark, Victoria Rec Pavilion, Saltdean Primary School, St Marks Primary School, Hollingbury Park Bowls Pavilion, Westdene Primary School, Brackenburry Primary School, Industrial House and Saltdean Oval toilets

### Fire Risk Assessment Works: £50,000

This bid will contribute towards a prioritised rolling programme of works to council properties following Fire Risk Assessments of council properties. Various works have been identified and this bid will allow the highest priority works to be completed in accordance with the Regulatory Reform (Fire Safety) Order 2005.

£25,000 of this allocation is to contribute to works at Blatchington Mill School

# POLICY & RESOURCES COMMITTEE

## Agenda Item 152

**Brighton & Hove City Council** 

Subject: Housing Delivery Options – Extract from the Proceedings

of the Housing & New Homes Committee meeting held on 2

March 2016

Date of Meeting: 17 March 2016

Report of: Monitoring Officer

Contact Name: Caroline De Marco Tel: 29-1063

Officer:

E-mail: Caroline.demarco@brighton-hove.gov.uk

Wards East Brighton

Affected:

### FOR GENERAL RELEASE

### Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

**Recommendation:** That the following be referred to the Committee for consideration:

- (1) That the Policy & Resources Committee be recommended to agree that the Executive Director Environment, Development & Housing, in consultation with Executive Director of Finance & Resources, procure specialist legal and financial advice in order to evaluate and progress the proposals for the delivery of alternative models for the supply of affordable housing as detailed in the report, for report back to Housing & New Homes and Policy and Resources Committees.
- (2) That Policy & Resources Committee be recommended to allocate £0.100m of the 2016/17 Strategic Investment Fund towards specialist legal and financial advice.

### **BRIGHTON & HOVE CITY COUNCIL**

### HOUSING & NEW HOMES COMMITTEE 2 MARCH 2016

### MAIN MEETING ROOM - THE FRIENDS MEETING HOUSE

**Present**: Councillor Meadows (Chair) Councillors Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Lewry, Miller, Moonan and Phillips.

### **DRAFT MINUTE**

### **PART ONE**

### 73 HOUSING DELIVERY OPTIONS

- 73.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which recommended funding for legal and financial advice to progress the establishment of a Joint Venture and/or Special Purpose Vehicle to deliver new homes and to inform development of specific proposals for report back to Housing and New Homes Committee and Policy and Resources Committee.
- 73.2 The report was presented by the Interim Head of Property & Investment/Head of Housing Strategy.
- 73.3 Councillor Phillips asked if social rents/living rents could be included in the proposals. The Head of Property & Investment/Head of Housing Strategy replied that the consultation included a whole range of models.
- 73.4 Councillor Mears stated that many questions remained unanswered. Paragraph 5.1 showed that tenants would not be consulted on specific schemes until the planning stage. Councillor Mears felt that tenants had been side-lined. There was no mention of living wage rents in the report. Councillor Mears expressed concerns about the financial implications in paragraph 7.3. This gave no idea of the total costs of setting up a company. There were no staff in place to protect the board. The Conservative Group would abstain from voting on the recommendations as there was not enough information in the report.
- 73.5 Councillor Miller concurred with the above comments. He considered that the proposals were quite high risk and was concerned that there had been no risk analysis. The council would be borrowing from the general fund to build homes. If the market were to crash the general fund would take the risk. He asked if other means of borrowing could be explored.
- 73.6 The Head of Property & Investment/Head of Housing Strategy explained that government funding had been allocated to investigate a range of options. The report

- sought permission to carry out more work and seek specialist advice which would be brought back to Members.
- 73.7 The Acting Executive Director, Environment, Development & Housing assured Members that the consultation paper stated that there would be scheme consultation through the planning process. Impacted tenants would be consulted.
- 73.8 Councillor Atkinson saw the report as an enabling paper. It set out the direction of travel for the local authority and flagged up difficult issues. Councillor Atkinson highlighted the adverse economic impact on key workers as stated in paragraph 3.10. Councillor Atkinson stated that the paper provided a way forward and he supported the recommendations.
- 73.9 Councillor Gibson welcomed the idea of having a mix of rents including living rents. He asked for a definition of living wage rents. The Acting Director Environment, Development & Housing explained that living wage rents were a percentage of a person's living costs.
- 73.10 Councillor Gibson informed members that he agreed with Councillor Atkinson's comments but shared Councillor Mears' reservations about the lack of detail. On balance, he considered that the proposals should be agreed. He requested a further briefing on this matter. Councillor Gibson referred to paragraph 3.21 and asked for an explanation of intermediate rent levels. He further referred to page 168 of the agenda (Page 36 of the Savills report) and asked for an explanation of the calculations. The Head of Property & Investment/Head of Housing Strategy explained that rents could be modelled at any level, depending on what worked. The intermediate rent reflected a notional rent for key worker housing. He would provide information to Councillor Gibson on temporary accommodation figures.
- 73.11 The Chair stated that a briefing could be arranged for all members of the committee.
- 73.12 Councillor Moonan found the proposals exciting and believed that they needed to be explored. She agreed that there were gaps but she thought the council should proceed. It would be a good investment of money and could lead to a solution to some of the housing problems in the city. The Chair concurred and stated that it was an opportunity to explore delivering housing in a different way.

### 73.13 **RESOLVED:-**

- (1) That the options which are likely to be available in funding and structuring a new Council vehicle to support delivery of additional housing supply be noted.
- (2) That the Policy & Resources Committee be recommended to agree that the Executive Director Environment, Development & Housing, in consultation with Executive Director of Finance & Resources, procure specialist legal and financial advice in order to evaluate and progress the proposals for the delivery of alternative models for the supply of affordable housing as detailed in the report, for report back to Housing & New Homes and Policy and Resources Committees.

(3) That the Policy & Resources Committee be recommended to allocate £0.100m of the 2016/17 Strategic Investment Fund towards specialist legal and financial advice.

# POLICY & RESOURCES COMMITTEE

## Agenda Item 152

**Brighton & Hove City Council** 

Subject: Housing Delivery Options

**Date of Meeting:** 2 March 2016 – Housing & New Homes Committee

17 March - Policy & Resources Committee

Report of: Nick Hibberd, Executive Director Environment,

**Housing & Development** 

Contact Officer: Name: Martin Reid & Sam Smith Tel: 29-3321/1383

Email: martin.reid@brighton-hove.go.uk

sam.smith@brighton-hove.gov.uk

Ward(s) affected: All

### FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Council has a strong track record of improving housing supply in the City making best use of assets and investment opportunities to deliver more affordable homes. In addition to working in partnership with Registered Providers (RPs) and the Homes & Communities Agency (HCA) to enable the development of new affordable housing, we continue to make best use of our Housing Revenue Account (HRA) assets and resources to provide more council housing through our successful New Homes for Neighbourhoods programme.
- 1.2 However, increasing housing demand, reduced public subsidy for affordable homes and a shift away from development of rented and family homes remain key challenges identified in our Housing Strategy and Budget. This has an adverse impact upon our ability to respond to the needs of a growing more diverse population, our capacity to maintain mixed and balanced communities and retention of lower income working households and employment in the City.
- 1.3 Our HRA financial forecast is clear that the HRA debt cap and reduction in rental income of 1% per annum over the next four years will restrict resources available for new build and regeneration so alternative options and delivery mechanisms for funding outside the HRA will be required. The council also continues to have significant pressures on our General Fund Temporary Accommodation costs in addition to uncertainties due to impending government legislation including Housing & Planning Bill proposals.
- 1.4 Policy & Resources Committee (16 October 2014) delegated authority to the Executive Director to explore options to enable the Council to intervene in the housing market to deliver new homes to meet our identified needs. This report outlines a consideration of options which are likely to be available in funding and structuring a new Council vehicle to support delivery of additional housing supply. We also aspire to explore this model on a Greater Brighton level and assess whether such an entity could be the basis of accelerating housing delivery as part of the housing component of the wider Growth Deal.

1.5 The report recommends funding for legal and financial advice to progress the establishment of a Joint Venture and / or Special Purpose Vehicle to deliver new homes to inform development of specific proposals for report back to Housing & New Homes and Policy and Resources Committees.

### 2. RECOMMENDATIONS:

### That Housing & New Homes Committee

2.1 Note the options which are likely to be available in funding and structuring a new Council vehicle to support delivery of additional housing supply.

### That Policy & Resources Committee

- 2.2 Agree that the Executive Director Environment, Development & Housing, in consultation with Executive Director of Finance & Resources, procure specialist legal and financial advice in order to evaluate and progress the proposals for the delivery of alternative models for the supply of affordable housing as detailed in this report for report back to Housing & New Homes and Policy and Resources Committees.
- 2.3 Allocate £0.100m of the 2016/17 Strategic Investment Fund towards specialist legal and financial advice.

### 3. CONTEXT/ BACKGROUND INFORMATION

### City housing market

- 3.1 Brighton & Hove is a growing city with high housing prices, low incomes, an ageing population and a significant proportion of households with support needs. There are over 23,000 households on our joint housing register, 1,800 households in temporary accommodation and rising homelessness. Social Housing makes up only a small proportion of the overall housing in the City with 9.8% of homes owned by the local authority and 5.1 % by RPs.
- 3.2 One of the key themes emerging from consultation on the City-wide Housing Strategy was the acute shortage of affordable homes and in particular family housing, in the City. This is often set against concerns around the significant growth of houses in multiple occupation (HMO) in the expanding private rented sector, in particular where these arise from conversion of smaller family homes.
- 3.3 Private renting has increased by 45.7% (an extra 10,691 homes), and now stands at 34,081 homes or 28% of all housing stock. This growth is in contrast to the declining owner occupied sector, now making up 54% (65,835) of housing stock in the City (Census 2011). The private rented sector includes a very high level of converted family homes or shared houses.
- 3.4 The continued growth in the private rented sector in the City presents the risk that a reduced affordable housing offer on larger residential sites, where a developer contribution toward affordable homes applies but is challenged on the grounds of viability, is compounded by the remaining residential accommodation

meeting the demand of buy to let or other landlord investors rather than those seeking to buy their own home. In particular, in areas already identified as having a proliferation of multi-occupied homes which offer investors a greater return on their investment. This in turn may increase pressure on the Housing Register or result in families seeking accommodation outside the City.

### Council response - enabling delivery of new homes

- 3.5 Brighton & Hove has a strong track record of improving housing supply in the City, maximising investment in new affordable homes and making best use of our statutory powers and resources in support of our City Plan, Housing Strategy and Corporate priorities.
- 3.6 The Council continues to work closely with the Homes and Community Agency (HCA), our Registered Providers (RPs) and other partners to identify opportunities for delivery of Affordable Homes. We also continue to make best use of our own portfolio of land and housing, in particular through ongoing review of HRA assets. We have aligned our HRA Asset Management Strategy with our Housing Strategy priorities, including supporting new housing supply by providing more council housing through the New Homes for Neighbourhoods programme in order to meet the current and future housing needs of residents.
- 3.7 The New Homes for Neighbourhoods programme has been progressing well with the first projects completed in July 2015 and February 2016. There are now a further seven projects on site and around 250 new homes in the project pipeline. To date these projects have been funded through Housing Revenue Account (HRA) borrowing, with the majority of costs being repaid through the rental income from the new homes. The HRA Capital Programme for 2016/17 & 2017/18 includes a total of £34.3 million toward building new council homes.

### **Meeting future challenges**

- 3.8 The City faces considerable challenges in meeting the housing needs of a growing population. In particular, in identifying sites for new homes and around the viability of delivering new affordable housing on residential schemes where a developer contribution to secure new affordable homes on site applies. This is currently with particular detriment to the delivery of Affordable Rent and larger family homes and is aligned to changes to public subsidy arrangements and appetite of Registered Providers to support risks in relation to funding new affordable housing.
- 3.9 Housing demand, growth in the private rented sector and rising rents has also had an adverse effect on affordability of housing in Brighton & Hove, contributing to a decline in owner occupation and risking those seeking to buy their own home being unable to take advantage of housing for sale on new developments.
- 3.10 Reduced public subsidy for affordable homes and a shift away from development of rented and family homes has an impact upon our ability to respond to the needs of a growing more diverse population, our work to support vulnerable households and our capacity to maintain mixed and balanced communities in Brighton & Hove. There is also an adverse economic impact on: our ability to retain lower income working households and employment in the City, including

key workers in adults, children and health services; investment in existing and new housing to support residents and families to live independently in support of reducing social care cost pressures.

- 3.11 In order to mitigate an on-going adverse impact on delivery of new affordable homes in the City, and in light of alternative funding routes available to the Local Authority, Policy & Resources Committee (16 October 2014) approved delegation of authority to the Executive Director to explore and negotiate options to enable the Council to intervene in the market to deliver new housing to meet our identified needs. This approval included consideration of funding options including General Fund prudential borrowing, Housing Revenue Account capital financing and 'off public sector balance sheet' institutional and private investment financing along with appropriate delivery, management and governance frameworks.
- 3.12 Following a successful bid to DCLG for Homelessness PRS Investment case Studies Grant we were allocated Section 31 grant funding to investigate and model the purchasing of local accommodation to house homeless households. Savills and Trowers & Hamlin were jointly procured to provide the modelling / advice required to support the investment case study for the local authority as a potential purchaser/lessee of new accommodation being brought forward on development sites in the City, to meet housing needs, including the delivery of homes let at Local Housing Allowance rates to households to whom a statutory duty to accommodate is owed. This modelling includes consideration of options which are likely to be available in funding and structuring a new Council vehicle to meet our strategic objectives.
- 3.13 We are also seeking to accelerate housing delivery on a sub-regional basis through our Greater Brighton partnership work. This extends to reviewing options for local authorities to intervene in the local housing market as potential purchaser of land or new housing being brought forward on development sites in the Greater Brighton region in order to support delivery of additional housing supply and meet housing needs. Including, a range of tenure options to meet housing requirements of households to whom we owe a housing duty, key workers and those requiring intermediate / market rent options.
- 3.14 In addition, as outlined in a presentation to Housing & New Homes Committee on 11 November 2015, the council has been assessing the HRA financial position following changes in the national Budget 2015 (including an annual 1% reduction in council rents over the next four years) and potential impacts of the proposed Housing and Planning Bill. These include the requirement to sell off high value council homes when they become vacant (with the capital receipts pooled by Government and redistributed to RPs) and the potential impact the proposed duty for Local Authorities to promote Starter Homes. In particular, the expansion of the Exception Sites Policy for Starter Homes- for sites in commercial or industrial use and not currently identified for residential use to affect S106 agreements and affordable housing.
- 3.15 The HRA medium term and 30 year financial forecast was reported to Housing & New Homes Committee (13 January 2016) which showed that the council is nearing its self-financing cap (or limit) on the amount of HRA borrowing permissible for capital investment. For Brighton & Hove this limit is currently set

- at £156.8m and the outstanding debt reaches its peak in 2023/24 where the borrowing level is £147.4m leaving headroom of only £9.4m.
- 3.16 This position means that the council needs to look at alternative funding and delivery mechanisms if it is to deliver the new affordable homes the city needs. The council has also been looking at larger scale opportunities including those related to the structures researched in the Housing Market Intervention project in order to deliver a large number of new homes financed from outside the HRA.

### Housing market intervention report

- 3.17 Savills and Trowers & Hamlin were procured to review options for the Council to intervene in the local housing market as a potential purchaser (or lessee) of new housing being brought forward on development sites in the City, to meet housing needs, including delivery of homes let at LHA rates to households to whom the Council owes a statutory duty to accommodate.
- 3.18 The joint report from Savills and Trowers & Hamlin is included in Appendix 1 of this report. Information provided to the Council in commercial confidence to frame illustrative case studies based on potential housing developments in the area has been removed. The principal assumption in the case studies is that the Council would be able to use its position of influence and financial strength to acquire a number of properties off-plan, at a discount to full market value based on the property acquisition assumptions. The financial modelling then uses market information and reasonably standard assumptions in terms of rental yields and operating costs, to show if/how such a proposition could be financially deliverable. Case study financial modelling shows a proposition which could be viable from the perspective of the company and Council.
- 3.19 The report sets out the options which are likely to be available in funding and structuring a new Council vehicle to support the objectives of this project and outlines the principal funding options. Whilst there is a wide range of options in terms of structuring (including third party involvement through a joint venture), and in funding (including third party or internal funding arrangements), the likelihood is that the objectives of this project could be most effectively delivered through a wholly owned and funded company. This is a relatively straightforward route which is being followed by a number of local authorities for similar projects.
- 3.20 The report sets out the financial implications of a new council owned and funded company being set up to acquire and let out properties. The assumption is that the company acquires properties and, to achieve a position which is financially viable from the company's perspective, it lets them out at a mix of market rent and LHA rent.
- 3.21 Should the council take forward a new council owned and funded company, in terms of funding, the Savills and Trowers & Hamlin report assumes that the Council provides the company with finance to allow it to acquire the properties. The financial arrangements between the Council and company are then set up so that:
  - They are fully compliant with the regulatory environment (tax, state aid and other government regulation);

- The company can afford to meet its financial commitment (interest payment to the Council) from the retained net rental income i.e. it has a viable and deliverable business plan;
- The Council receives sufficient interest from the company to allow it to cover the additional interest cost it will incur in raising the finance provided to the company.

This arrangement would create a portfolio of properties, which the Council would have access to, available to be let out at LHA or intermediate rent levels, with potential savings to the council in temporary accommodation costs. Whilst there are a number of issues which would need to be worked through, including more detailed financial analysis and risk assessment, it is a route which other councils are following, and ultimately the proposition is underpinned by the value of the Brighton housing market.

- 3.22 As outlined above, whilst the report from Savills and Trowers & Hamlin outlines that objectives of the Housing Market Intervention project could be most effectively delivered through a wholly owned and funded company acquiring and letting out properties, the report includes a wide range of options in terms of structuring, including third party involvement through a joint venture.
- 3.23 In addition to the potential for wholly owned Special Purpose Vehicle the Council has been investigating options to work with a Registered Provider Partner to deliver new homes, potentially through Joint Venture companies.

### **Joint Venture delivery options**

- 3.24 The council has been looking at options to establish a Joint Venture Company or companies for the delivery of new homes. A Joint Venture structure could involve working with another organisation such as a Registered Provider or developer to share resources to deliver new homes. The aim of any partnership would be to pool the skills and expertise of both parties, together with land and financial resources, in order to deliver new affordable homes.
- 3.25 Each party to any Joint Venture Company would have an equal say in decision making and equal representation on the Company's Board. In addition to providing a supply of new homes quickly, the venture could potentially also generate an ongoing revenue stream to the council subject to the company structure.
- 3.26 A Joint Venture Company would have no direct staff, with services contracted in from the partners or from external contractors as necessary. Services agreements would be put in place with each of the partners at the point of forming the Company. The council would work closely with any Joint Venture partner to make sure the interests of the council and residents are represented through maintaining both a strong client / partnership role and through robust project management arrangements similar to those in operation with partners delivering major infrastructure projects in the city. The establishment of a Joint venture would need to be in-line with European and national procurement regulations as well as the council's Contract Standing Orders.

### Joint Ventures for specific regeneration projects

- 3.27 The establishment of Joint Ventures may also be an effective way of delivering specific regeneration projects. Joint Ventures could be established around specific sites or areas in order to gain funding and deliver new homes. This could potentially involve the regeneration of existing estates or buildings that are coming to the end of their life and where additional homes could be delivered by increasing the capacity of the site. This could be particularly relevant where the council owns land in close proximity of another organisations assets or land, for example a Registered Provider.
- 3.28 This type of regeneration activity would involve working with local communities to develop proposals for the regeneration of estates in greatest need of investment and where there are development opportunities. This would involve liaising with colleagues across the council to make sure that our estate regeneration activities join up with other initiatives and major projects and that we maximise the opportunities available for residents.

### **Next Steps**

- 3.29 The council will need to engage expert legal advice in order to progress the establishment of any Special Purpose Vehicle and / or Joint Ventures. This will enable the council to establish the correct legal structures and ensure that the council's interests are protected and a due diligence assessment is made on any proposals. Other professional advice may also need to be commissioned as part of this process, for example financial experts.
- 3.30 In order to enter into a Special Purpose Vehicle and / or Joint Venture it is likely that one of the first steps would be for the council to create a company in order to enable the council to 'trade'. This would not be the establishment of a complex, separate organisation with staff, but rather a 100% council controlled entity that would operate similar to existing council Boards and Committees. The company would have objects enabling the council to trade and act commercially which are a legal necessity if the council is to enter into a Special Purpose Vehicle and / or Joint Venture arrangement.
- 3.31 The council is currently assessing procurement options for the provision of legal advice which include a new call for competition, or the use of the Crown Commercial Service Legal Services Framework. Costs of expert advice will be mainly met through the Strategic Investment Fund (SIF). Funding of £0.040m has been identified from the SIF 2015/16 allocation and £0.010m from external grant. The report recommends that Policy & Resources Committee allocate up to a further £0.100m of the 2016/17 Strategic Investment Fund towards specialist legal and financial advice.

### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 A list of alternative options is provided below. It is likely that a range of delivery options will be progressed in the longer term in order to maximise the delivery of new homes. Individual proposals would need to be agreed by the relevant committee.

- Council led project e.g. a Special Purpose Vehicle
- Joint Venture with a Registered Provider
- Disposal of sites to private developers
- Do nothing

### 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 General consultation on our approach to stimulating new house building, making best use of our HRA assets and estate regeneration through the New Homes for Neighbourhoods programme has been undertaken with councillors, council tenants and leaseholders through reports and presentations to Housing & New Homes Committee. The cross party Estate Regeneration Members Board oversees development and delivery of our estate regeneration activities.
- 5.2 Consultation with residents and ward councillors on specific schemes to be developed by the Council or its partners will be undertaken via the Planning process.

### 6. CONCLUSION

6.1 Approval is sought for the above recommendations in order to support achievement of City Plan and Housing Strategy priorities, in particular the delivery of new affordable homes. We would return to Committee with proposals for any specific schemes which must be aligned to the Council's legal framework and financial capacity.

### 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 DCLG provided Homelessness PRS Investment case Studies grant funding of £0.050 million to investigate options for increasing homelessness housing supply and model options available to the council which includes the purchasing of local accommodation to house homeless households and investigating alternative models for the supply of Housing. Savills and Trowers & Hamlin were jointly procured to provide the modelling / advice required to support this project. The report in appendix 1 includes modelling of options which are likely to be available in funding and structuring a new Council vehicle to meet strategic objectives.
- 7.2 The report concluded that the objectives of this project could most effectively be delivered through a wholly owned company and provides a summary of company funding arrangements available, financial risks and sensitivities. The case study modelling shows a proposition that could be viable, with the principal risk to viability being the ability to achieve sufficient net rental income stream from the properties to meet financing costs. It should be noted that the financial modelling was based on case studies for illustrative purposes with no certainty that the properties will be available at the costs modelled.
- 7.3 The council has also been looking at the options to establish a joint venture or special purpose vehicle company for the delivery of new homes. In order to evaluate and progress further the options of these alternative delivery models the council will require initial independent external professional legal and financial

advice which is estimated to cost up to/in the region of £0.150m. Funding of £0.051m towards these professional costs has already been identified from 2015/16 (£0.040m Strategic Investment Fund and £0.011m balance of external grant). This report recommends that up to a further £0.100m be allocated from the Strategic Investment Fund in 2016/17 as the procurement of consultants progresses. Following this external professional advice a further report will be presented back to this Committee with detailed financial implications associated with the options available to deliver new homes.

Finance Officer Consulted: Susie Allen Date: 15/02/16

### Legal Implications:

The procurement of specialist legal services will need to comply with the council's Contract Standing Orders. The report at paragraph 3.21 highlights some of the legal issues around the creation of a local authority owned and funded company.

Lawyer Consulted: Name Liz Woodley Date: 19/02/16

### **Equalities Implications:**

- 7.4 An increase in housing supply will extend opportunities to provide new, well designed homes to accommodate households on the Homemove register who are in housing need. New developments provide an opportunity to better meet the needs of particularly vulnerable households including elderly residents who may be under occupying a home that no longer meets their changing needs.
- 7.5 An Equalities Impact Assessment has been undertaken on the council's New Homes for Neighbourhoods Programme and should be updated to reflect any specific proposals.

### Sustainability Implications:

7.6 Attaining high sustainability standards is an important in delivering homes that are energy efficient, minimise carbon emissions and reduce water useage.

### **SUPPORTING DOCUMENTATION**

## **Appendices:**

1. Housing Market Intervention Report – Savills and Trowers & Hamlin

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. Improving Housing Supply - Off Plan Procurement – Residential Acquisitions – Policy & Resources Committee 16 October 2014.

### **Crime & Disorder Implications:**

- 7.7 The development of Special Purpose Vehicle and / or Joint Venture partnerships offers the opportunity to provide new, well-designed homes which link to the council's wider regeneration aspirations for the city, including the council's economic development and sustainability objectives. Well-designed urban housing has been shown to influence the rate of crime and disorder as well as the quality of life for future occupants. All new council housing will be designed to Secure by Design principles to minimise the risk of crime.
- 7.8 Vacant sites can sometimes attract anti-social behaviour. With careful planning, the future development of these sites is likely to improve the safety of existing neighbourhoods by reducing crime and the fear of crime.

### Risk and Opportunity Management Implications:

- 7.9 There are a number of risks and benefits associated with the establishment of a Special Purpose Vehicle and / or Joint Ventures to deliver projects and a risk log will be maintained to monitor these and ensure contingency plans are in place. Key risks include
  - Ensuring SPV / JV is legal and in council's interest
  - · Ensuring procurement regulations are met
  - General Fund funding priorities
  - · Financial models reliability
  - · Construction inflation
  - Planning risks
  - Wider council residents support and perception of regeneration projects
  - Support from residents in nearby properties to development sites
  - · Council control over project and issues such as decants and consultation
  - Potential impact of projects on wider council reputation
  - · Site conditions and abnormals
  - Ensuring that benefits are delivered e.g. affordable housing, employment space, jobs and apprenticeships etc.

### Public Health Implications:

7.10 There are strong links between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat are likely to have a positive influence on the health of occupants of the new homes.

### Corporate / Citywide Implications:

7.11 Any new SPV or partnership should work with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided as part of the development of these sites.

- 7.12 Each new unit of housing has potential to generate new income for the council by providing New Homes Bonus. The New Homes Bonus (NHB) is paid by government for each new unit of housing or home brought back into use in the city. This is paid annually for six years and is based on Band C Council Tax plus an additional £350 for each affordable unit.
- 7.13 Every new unit of housing in the city is potentially a source of additional Council Tax income for the council. This is likely to be affected by the following factors:
  - Single persons get a Council Tax discount
  - People in receipt of Council Tax benefit will not pay full Council Tax
- 7.14 New housing has an economic impact in a number of ways:
  - Homes and Communities Agency analysis estimated every £1 spent on construction creates £2.60 in added economic value
  - Construction jobs direct and indirect (one new home gives equivalent of one job for 2-3 years)
  - Local supply chain
  - Stable housing enables people to get stable work
  - Mix of tenure needed for mix of skills in labour market

# **Brighton & Hove City Council**

## Housing market intervention project

February 2016

Savills (UK) Limited 33 Margaret Street London W1G 0JD

www.savills.co.uk



Supported by:

Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ

www.trowers.com



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## 1. Executive Summary

### 1.1. Scope of report

This report is based on a review of options for the Council to intervene in the local housing market, as a potential purchaser (or lessee) of new housing being brought forward on development sites in the City, to meet housing needs, including the delivery of homes to let at LHA rates to households to whom a statutory duty to accommodate is owed.

The report was originally separated into two stages, so that work on alternative private and public funded models was clearly separated. The report now combines elements of these stages, and in section 9 it focuses on the option of a council owned and funded delivery vehicle.

### 1.2. Case study approach

The report and in particular the financial modelling, is based on an illustrative case study through which a Council company acquires a number of properties from one or more developments under way in the city. The principal assumption is that the Council would be able to use its position of influence and financial strength to acquire a number of properties off-plan, at a discount to full market value.

Whilst the information to support the financial modelling is based on data for those case studies, it should be noted that this is largely illustrative with no certainty that the properties will be available for acquisition at the costs modelled. However, based on the property acquisition assumptions, the financial modelling then uses market information and reasonably standard assumptions in terms of rental yields and operating costs, to show if/how such a proposition could be financially deliverable.

### 1.3. Legal and financial structure

Section 4 sets out the options which are likely to be available in funding and structuring a new Council vehicle to support the objectives of this project. Section 8 outlines the principal funding options.

Whilst there is a wide range of options in terms of structuring (including third party involvement through a joint venture), and in funding (including third party or internal funding arrangements), the likelihood is that the objectives of this project could be most effectively delivered through a wholly owned and funded company. This is a relatively straightforward route which is being followed by a number of local authorities for similar projects.

### 1.4. Council company financial proposition

Section 9 sets out the financial implications of a new council owned and funded company being set up to acquire and let out properties. The assumption is that the company acquires properties and, to achieve a position which is financially viable from the company's perspective, it lets them out at a mix of market rent and LHA rent.



In terms of funding, it is assumed that the Council provides the company with finance to allow it to acquire the properties. The financial arrangements between the Council and company are then set up so that:

- They are fully compliant with the regulatory environment (tax, state aid and other government regulation).
- The company can afford to meet its financial commitment (interest payment to the Council) from the retained net rental income i.e. it has a viable and deliverable business plan.
- The Council receives sufficient interest from the company to allow it to cover the additional interest cost it will incur in raising the finance provided to the company.

This arrangement would create a portfolio of properties, which the Council would have access to, available to be let out at LHA or intermediate rent levels, at no cost to the Council. The potential savings in temporary accommodation costs would be additional.

Whilst there are a number of issues which would need to be worked through, including more detailed financial analysis and risk assessment, it is a route which other councils are following, and ultimately the proposition is underpinned by the value of the Brighton housing market.



## 2. Introduction

### 2.1. Your requirements

You wish to review options for the Council to intervene in the local housing market, as a potential purchaser (or lessee) of new housing being brought forward on development sites in the City, to meet housing needs, including the delivery of homes to let at LHA rates to households to whom you owe a statutory duty to accommodate.

Whilst this review is to cover both private finance and public finance models, the work has been separated into two stages so that the work on these alternative funding sources is clearly separated.

### Stage 1 – General market position and options appraisal

This covers the core work which needs to be undertaken to address local authority housing intervention proposals such as these, whatever the source of funding – public or private.

### Stage 2 – Financial model development and analysis

This addresses the funding options which would be available to support the proposals, some of which would be classed as public and some as private.

### 2.2. Our approach

### Case study approach

Our approach is based on case study housing developments under way in the area. For these developments, we have been provided with base information and have used this to present illustrative case studies, in terms of the numbers and nature of properties, the timing of their availability and costs/values.

### Stage 1

We have separated our approach to this work into four areas:

### 1. Market assessment

The opportunities which are likely to exist in relation to the case study developments for Council intervention through the acquisition or development of new housing for rental. At this stage we have combined case study information provided, with our market knowledge and experience to ensure that the underlying case study presentations are based on reasonable underlying assumptions.

#### 2. Models and structures

This phase of work involves summarising the key characteristics of existing models in the market place and setting out their relative merits in the context of a housing intervention project such as this, and in the light of the case study developments.



### 3. Financial viability and impact

Based on the model and structure review, and using the case study investment projects, we have carried out financial modelling to provide an assessment of the viability, affordability and deliverability of the model.

### 4. Legal issues

In the context of these models, we have provided advice on relevant legal issues that arise for each model, including powers, consents, tenancies, governance, procurement and state aid.

### Stage 2

For the financial modelling at stage 1, no distinction was made in terms of the source of funding (public or private). In contrast, stage 2 looks specifically at alternative funding structures and sources.

### 2.3. Council owned and funded model

Having considered alternative funding structures and sources, we have then summarised (in section 9), a model being pursued by other local authorities, which is based on:

- Setting up a separate company wholly owned by the Council.
- The Council being the sole funder of the company.
- Properties being acquired by the company and let at a mix of rent levels to generate sufficient income for it to meet its funding commitments to the Council.
- A funding arrangement which is financially neutral for the Council, with the interest payments from the company covering the interest cost to the Council.

The potential advantages of such an approach are that new properties are available to be let out at LHA or intermediate rent levels, at no cost to the Council.



## 3. Brighton housing market and case study approach

### 3.1. Local housing market

Appendix 1 contains a review of the Brighton housing market.

### 3.2. Local Housing Allowance

Local Housing Allowance (LHA) is a rate set by Government to work out housing benefit for tenants who rent privately. The rates are set for different sized properties in each Broad Rental Market Area (BRMA). The 2015/16 LHA rates for the Brighton and Hove BRMA are:

2015/16 LHA rate £	Weekly	Monthly	Annual
1 bed	153.02	663	7,957
2 bed	192.48	834	10,009
3 bed	230.28	998	11,975
4 bed	339.36	1,471	17,647

Whilst LHA rates were linked to the rental market in each BRMA, in the 2015 Summer Budget it was announced that LHA rates would be frozen for 4 years from 2016/17.

### 3.3. Case study approach

Our work for both stages 1 and 2 is based on case study developments under way in the City. For each of these developments, we have looked at options for new properties to be made available for the Council to house homeless households at LHA levels.



## 4. Models and structures

### 4.1. Introduction

Over the past few years, a wide range of alternative local authority housing delivery models have emerged. Whilst the underlying motives and objectives behind these models have varied, there tend to be a number of common themes:

### Separation of development and property rental

Whilst local authorities have increasingly taken a greater involvement in development of new housing, as well as their acquisition and ownership/rental from a developer, it is generally accepted that these are two distinct activities which should be separately examined.

### Creation of a new property rental vehicle

For a number of administrative, legal and financial reasons, in most cases a new vehicle has been established to own and let out newly acquired rented housing. The preferred form of new vehicle is typically a company limited by shares, which is wholly owned by the local authority. However there are a number of alternative structural and ownership options.

### Funding the new vehicle

For simplicity and value for money reasons, local authorities have typically chosen to provide funding to the new vehicle themselves, rather than using third party sources – however many have explored alternative options in terms of the source of funding as well as the structure and terms.

Examples of current models have been summarised and examined in the context of this project.

### 4.2. Key features of this project

This project is not concerned with the development of new properties, but their availability for use by the council to house people at local housing allowance rent levels. The key features of the proposition are:

- New housing is acquired from a developer which receives a commercial price for the disposal

   though, it is assumed that, in return for a commitment to buy a number of properties off
   plan, the developer will accept a discount on the full open market value
- The housing is acquired by a vehicle which then makes the housing available for use (by the Council) for households paying a rent level equal to the Local Housing Allowance

Within these principles, there are a number of options to be considered, which we have examined below:

The legal structure and ownership of the vehicle



- The relationship between the vehicle and council in terms of the right to use the housing
- The respective responsibilities of the vehicle and council for letting, tenancy management, repairs and maintenance, insurance, life cycle replacements etc.
- The nature and source of funding for the vehicle to enable it to acquire the properties
- The long term ownership and use of the properties

### 4.3. Legal context

It is worth highlighting here some of the key legal issues which arise for any model.

- Housing homeless people in the exercise of the statutory duties relating to homelessness is inherently a general fund activity and not an HRA activity and this will affect the powers that can be used as well as the accounting treatment.
- The Council must have the power to undertake each step in the process to set up and fund a vehicle. Section 1 Localism Act gives Councils very wide powers but they are not unlimited.
- Section 24 Local Government Act gives the Council wide power to support the delivery of privately let housing, and dwellings held by a vehicle owned or partly owned by the Council would count as privately let dwellings. Use of the s.24 power requires s.25 consent there is a wide general consent for providing financial support of any kind including loans and guarantees but the existence of this consent does not remove the need to consider state aid issues.
- A vehicle wholly or partly owned by a public authority may itself be subject to EU procurement rules as a contracting authority, if it is set up with a view to "operating in the general interest". A vehicle set up to operate genuinely commercially, even if wholly owned by the council, will not itself be subject to EU procurement. If it is set up to operate in the general interest then it will have to procure its own contracts in accordance with EU rules if any of the 3 following factors apply:
  - financed mostly by the Council; or
  - Subject to management supervision by the Council; or
  - More than ½ of the board of management is appointed by the Council
- Buying dwellings is not of itself an activity that requires a public authority to follow EU procurement processes it is only if the way in which they are bought involves the purchaser engaging in development issues, by specifying what is to be built, that EU procurement becomes an issue. Buying from developers on the open market will not, even if the contract says, as it would in the case of any new build purchase, that the Council will only complete if it has NHBC and the dwellings have been constructed to the developer's specification and in accordance with planning. In 3.4.1 below we highlight some specific issues around procurement and joint ventures,



- If EU procurement rules are not engaged the Council must still comply with its own standing orders and comply with its fiduciary duty to tax payers to ensure it obtains best value. Sometimes people are so focussed on whether EU procurement does or does not apply they forget that other duties exist.
- State Aid is only an issue if the Council is financially supporting a project a loan on proper commercial terms (and we set out below some suggestions as to how this would need to be validated) does not create State Aid issues. A loan at less than market rates, and guarantees and sales at less than market value or on better than market terms may create state aid concerns. If it is an issue then we have to see if one of the exemptions will apply. Generally speaking if a council is providing some kind of financial assistance to enable housing to be made available to people for whom the market does not provide housing, then state aid should not be a barrier.
- Tenants of vehicles owned by local authorities cannot under present law be secure tenants as for them to be a secure tenant the local authority would have to be the landlord. We are not aware of any current plans to change this it would require primary legislation.
- The right to buy currently applies to secure tenancies, but not to tenants of separate vehicles, whether or not the vehicle is owned or financed by a local authority. Again, we know of no current plans for this to change.
- A council has no automatic liability for the debts of a wholly or partly owned vehicle. Liability may be created by the use of guarantees and indemnities but it does not arise from the corporate structure itself. If such liabilities are created how they are reflected in the Council's accounts is a matter of accountancy judgment rather than law treatment of contingent liabilities does vary from Council to Council
- Nearly all the specific rules that relate to local authority companies which were introduced by the Local Government and Housing Act 1989 have been repealed but if the company is "controlled" as defined then there are some non-financial rules that remain, which relate to propriety and which require local authorities to ensure for example that any directors appointed to a company that it controls would not be disqualified from being a local authority member; remuneration and expenses do not exceed levels that the local authority could pay, information must be provided to the local authority's auditor), and letterheads must show the relationship with the council.

### 4.4. Legal structure and ownership of the vehicle

On the assumption that the council is not in a position to hold the properties directly itself, then they would need to be acquired and owned by a separate vehicle.

### 4.4.1. Ownership and control of the vehicle

The options for ownership (and control) of the vehicle are:

- Wholly owned by the council
- Partly owned by the council



#### No council ownership

At Appendix 2 you can see 2 diagrams that show how a wholly owned company and a joint venture might be structured.

A wholly owned company is by far the most common model being pursued by local authorities, as it allows both control and retention of the long term value of the housing.

In the case of a partly owned company, so in practice a joint venture, an element of control would be ceded to a third party, who would also look to secure a return on its investment, in line with its risk exposure. Whilst the introduction of third party capital would involve some spreading of risk, the council would pay for this.

In terms of procuring a partner for a joint venture, the selection of a partner of itself would not require the Council to go through an EU procurement process because in the setting up of a JV there is not necessarily any contract for goods or services that would be within the scope of EU procurement. However, before going down the joint venture route, the Council will need to analyse what contracts it might want to let to the JV in the future. If for example it wanted to pass land to the JV on the basis of a development agreement where the Council was specifying what is to be built, that is going to be a contract that requires procurement. For an arrangement like that the Council may need to have procured the JV partner through a full process – and so if that kind of transaction is a possibility, we would advise procuring the JV partner through an EU procurement process in the first place, unless you decide to partner with another contracting authority like an RP or another local authority.

If the JV partner is itself a contracting authority for the purposes of the procurement Regulations then the Council could let contracts including selling land through development agreements, to the JV without going through the procurement process, because the JV is wholly controlled by two contracting authorities. This used to be called the Teckal exemption but is now set out in the Public Contracts Regulations 2015 (see regulation 12).

In short if the Council wishes to see acquisition of homes through a JV there has to be a thorough analysis of every contract the Council might want to let to the JV or to its partner before the decision is made as to whether to go through a full EU procurement process to choose the JV partner.

Note that the issue as to whether the JV partner must be EU procured, and the question as to whether the JV itself is a contracting authority (see para 4.3 4<sup>th</sup> bullet) are separate questions. The Council might decide not to EU procure its partner and to create a JV vehicle that itself has to EU procure its contracts or it might EU procure its partner but create a vehicle that is not a contracting authority.

Alternatively the properties could be acquired by an independent vehicle in which the council has no ownership.

### 4.4.2. Options for corporate structure

If a new vehicle were to be established, in broad terms, the three that are available are:

Limited liability partnership (LLP)



- Company limited by shares (CLS)
- Company limited by guarantee (CLG)

In terms of the choice of vehicle the form really does need to follow the function, for example:

- What does the council want from its vehicle in the short medium and long term?
- Is this only about housing homeless people and saving money on that budget?
- Does the council expect to make money at some point by selling dwellings/buying more/asset managing?
- Is there as exit route that might involve selling the company?
- Might the council want to bring in external investors?

These issues need to be explored fully before a corporate structure is chosen.

One issue that has a fundamental effect on choice of corporate structure is whether or not the Council might want to try to obtain charitable status for a vehicle. Charitable status carries with it considerable tax advantages. However if that is wanted the Council would have to accept that the objects of the vehicle must be exclusively charitable – and that it may not be possible to register a charity that is owned by a council. The Charity Commission is usually unwilling to register these – although they may be willing to register a charity that is owned by a company which is owned by a council – so a more complex structure might be needed.

The main advantage of an LLP lies in its favourable tax status. Unlike a company which is a separate tax paying entity, an LLP is "tax transparent", meaning that the tax treatment of the LLP follows the tax treatment of its members. This would have the advantage of preserving the Council's favourable tax position for any commercial activity undertaken by the LLP, with a result that (unlike a company) there would be no corporation tax liability on any of the LLP's profits.

However, there are a number of potential legal obstacles to the council setting up an LLP. If the Council wants to use the s.1 Localism Act power as the power to set the vehicle up, and the s.1 power is certainly wide enough to allow that, then if the local authority is setting the company up "for a commercial purpose", it must do so through a company – and the Act defines company so as to exclude LLPs. If the Council wants to use an LLP then it will have to demonstrate that it is using a different power to set the company up, or it has to demonstrate that the company is not being set up for a commercial purpose.

Given the favourable tax position it may be well worth looking at powers other than the s.1 power. Councils have specific powers to undertake regeneration, they have investment powers, and of course given this project relates to homelessness they also have powers related to Part VI Housing Act 1996 and the ancillary power under s.111 Local Government Act 1972.

Alternatively it may be possible to establish that the vehicle is not being set up for a commercial purpose but to house homeless people. It really does depend on the underlying reasons for setting up a vehicle. If it is seen primarily as a route to intervening in a dysfunctional private rented market (as e.g. Red Door Ventures in Newham is) then it will be operating for a commercial purpose and so needs not to be an LLP. An LLP will always require at least 2



partners so they are more usually used where there is a joint venture, but it is possible, for example to form an LLP between a council and a company that the council owns.

A CLS is by far the most common commercial form of company. It is well known and recognised in the market, and is the option typically pursued by local authorities. There is also the advantage that a CLS wholly owned by the Council would be exempt from Stamp Duty Land Tax (SDLT) on any property transfers between it and the Council.

A CLG is likely to be the appropriate form only if there is interest in pursuing charitable status. A CLG is nearly always set up as a not for profit vehicle. They can be charitable or non charitable. If charitable then registration with the Charity Commission is needed. If charitable status is wanted then the Council could consider a community benefit society (which used to be called an industrial and provident society) registered with the Financial Conduct Authority which would be exempt from Charity Commission registration. The possibility of a Charitable Incorporated Organisation also exists – these are corporate entities registered with the Charity Commission but we do not recommend them for substantial projects where loan finance or investment finance may be needed.

### 4.4.3. Does the Council need a separate vehicle?

If the main purpose of the project is to house people in pursuance of the Council's homelessness functions then the Council has power to acquire dwellings for this purpose (s.120 Local Government Act 1972) and could in theory finance the purchase (or development on its own land) using prudential borrowing – if the modelling showed it was prudential to do so.

Dwellings acquired or developed to house homeless people will not be accounted for in the HRA as they will be held for the purposes of Part VI Housing Act 1996, and borrowings related to such dwellings should not be affected by the cap on HRA borrowing.

Why then are councils increasingly looking to set up separate companies? There are a number of reasons. Some councils want to make a profit to support their general fund activities. Others want to deliver certain kinds of housing in a more commercial way. Some want the freedom to sell properties in future without being constrained by constraints on councils disposing of property.

Usually there is a mix of reasons. Where as here a council wants initially to use the housing for homelessness, if the development is held by the Council, there may be concerns about the inflexibility of making sure dwellings are not being used for the purposes of part II Housing Act 1985 – if they are, then borrowing that relates to them will come within the cap and the cap could be inadvertently breached.

Using a vehicle allows for different financing arrangements and more flexibility into the future.

Note that just because a dwelling is held for the purposes of Part VI Housing Act 1996 does not by itself mean a tenant of it will not be a secure tenant. Tenancy status and the functions for which dwellings are held are covered by different tests.

### 4.4.4. Governance issues

If the Council decides it wants to deliver the housing through a vehicle there are a number of key governance decisions. Who sits on the board? How big is the board? How much continuing



influence or control does the Council want or need? The Council may retain control of a wholly owned company through its shareholding, but it cannot mandate the directors of it, even those it appoints. Directors must exercise their own judgement and whilst they can take into account the interests of the Council they cannot be required to follow its requirements. Once appointed, they would have separate statutory duties to their company. That makes the contracts/leases between the Company and the Council just as important if the company is wholly owned as if it is a joint venture.

Generally for the local government vehicles that many are discussing now people are looking at small boards of directors – often constructed on more commercial lines.

### 4.5. Access to housing

The proposition is based on new housing being made available to the council for use by households paying LHA rent level.

In terms of the nature of arrangement between the vehicle and the council, the simplest arrangement would be for the Council owned vehicle to let the dwellings on assured shorthold tenancies to homeless people nominated by the Council. They would be private sector tenants and able to claim housing costs through LHA, or universal credit as appropriate.

Note that in assessing the financial arrangements regard needs to be had to Universal Credit and the impact that may have on the cashflow of what is in essence a private sector landlord. Universal credit is paid monthly in arrears and there is likely to be a 7 day period for which no benefit is paid.

The alternative of the Council taking a leaseback of the dwelling could be considered. This would make the occupier a tenant of the council. Councils can charge what rent they want to on dwellings held for homelessness purposes – but the availability or otherwise of HB subsidy needs to be reviewed.

If the Council buys or develops land or land and dwellings itself for the purpose of leasing it on to the company then the property itself will never sit within the HRA (see s.74(3) (b) Local Government and Housing Act 1989). This means that the power to dispose is in the Local Government Act 1972 and must be at the best consideration reasonably obtainable in the circumstances or else a consent must be obtained. There are few general consents under the 1972 Act although there is still one for a disposal of up to £2m less than best consideration where the disposal is to enhance the wellbeing of an area. Note that there is no general s.25 consent that covers the disposal of general fund land at less than best value to a non RP.

### 4.6. Financial responsibilities of council and/or vehicle

The proposal is based on the housing being let at LHA levels, so generating a regular flow of income. However, as with any housing rental business, to achieve and sustain this level of income, there are likely to be a number of related costs:

■ New lettings management – the cost of letting the property, including sourcing new tenants at the outset, and whenever a property becomes vacant, and the related administration.



- Rent loss through voids the loss of rental income caused by properties being empty whilst during changes of tenants.
- Rent loss through bad debts the loss of rental income through non-payment of rent or the related costs of pursuing.
- Day to day tenancy management all day to day administration of the tenancy
- Furnishing costs and repairs depending on whether the properties are let furnished or unfurnished.
- Minor repairs and maintenance the costs of repairs which are not the tenant's responsibility.
- Major life cycle and component replacement the responsibility for the structure of the building and major components (eg windows, kitchen, bathroom, boiler etc)
- Insurance buildings and contents

For each of these areas, there will need to be agreement on where the responsibility and related cost lies.

### 4.7. Nature and source of funding

Funding options are addressed in more detail in section 8, including loan and lease type financing. In both cases, the financing could be provided to a separate vehicle, by:

- The Council directly.
- A third party underpinned by a Council guarantee
- A third party with no guarantee

Note that it is now well established that Councils can borrow using prudential borrowing powers, and on-lend to a council owned company. If the company exists to make a profit the on-lending will almost certainly need to be on full commercial terms to avoid state aid issues. If the company is providing what Europe would regard as social housing then state aid is not an issue and the s.25 general consent can be used to lend at less than market rates if that is what is wanted.

The options for alternative debt and equity financial structures are also addressed in section 8. In this context, it should be recognised that if the Council is the sole shareholder in a company, then the value of its investment in that company will rise in line with the underlying asset values. This provides the flexibility to re-finance or release value through disposal at some future time. In this context, land and dwellings held by a council owned vehicle can be disposed of by the vehicle in accordance with its own powers — it is not affected by council limitations on the power to dispose.

### 4.8. Management issues

If the dwellings are not leased back to the Council then the Council may want to provide housing management services to the vehicle. Even if the vehicle is itself a contracting authority for the



purposes of EU procurement, it can still let a contract to the Council without itself going through a procurement process. This is because the Public Contracts Procurement Regulations not only as set out in 3.4.1 above enshrine the Teckal principle so that contracting authorities can let contracts to their wholly owned subsidiaries (so long as at least 80% of their work is done for the contracting authority) but the reverse also applies so the wholly owned subsidiary can let a contract to its parent without procurement. If the chosen vehicle is a JV then if both JV partners are contracting authorities the same applies. If they are not so, for example if the Council partners with a private sector body, then if the JV is itself a contracting authority (and it may be – see 3.3 above) then it may have to go through a procurement process. Whether it does or not will depend on scale, thresholds, and how the dwellings get into the vehicle. So for example some services may be provided by the council as landlord if it acquires/develops and leases the dwellings onwards. But the procurement issues relating to any housing management agreement will need to be addressed.

### 4.9. Summary

	Comments	
Wholly owned council company	<ul> <li>Simple and easy to set up</li> <li>Provides council with complete control of housing</li> <li>Council likely to bear all initial costs and provide finance         <ul> <li>but the council would not automatically be liable for the company's debts</li> </ul> </li> <li>Alternative funding options, including direct funding by the council</li> </ul>	
Company which is partly owned or influenced by the council, though not controlled by it	<ul> <li>Council could lead on setting up the company to provide appropriate structure and degree of influence</li> <li>Set up and governance arrangements would not be as simple as a wholly owned company – would need to be clear on the benefits of structure. Would want members/shareholders agreements</li> <li>Alternative funding options, though as not controlled by</li> </ul>	
	<ul> <li>the council, greater scope for private finance options</li> <li>Vehicle would need to be able to rely on sufficient net rental income receipts, to meet financial commitments associated with acquiring the housing</li> <li>Reliance could be provided through a leasing</li> </ul>	
	arrangement with the council which provided certainty of net rental income  Options for a council guarantee of funding	



	Comments
Third party owner with council lease arrangement	Could be an existing entity or a new vehicle set up for this purpose
	Would need to be clear on the benefits of third party ownership, compared to alternatives
	Alternative funding options, though as not controlled by the council, greater scope for private finance options
	Vehicle would need to be able to rely on sufficient net rental income receipts, to meet financial commitments associated with acquiring the housing
	Reliance could be provided through a leasing arrangement with the council which provided certainty of net rental income
	Options for a council guarantee of funding



# 5. Case study 1

Confidential



# 6. Case study 2

Confidential



# 7. Case study 3

Confidential.



# 8. Funding options

### 8.1. Introduction

The previous sections have looked at the costs to a new vehicle of acquiring a portfolio of properties, and the income they would generate based on local housing allowance levels. They also included high level viability assessments which indicated how the proposals could be viable.

This section now looks at the options for sourcing the funding required to acquire the properties. These have been grouped into two categories of funding options:

- Loan financing from PWLB, a bank or the capital markets (bond)
- Lease type financing typically with inflation linked lease payments

In each case there are options for the funding to be arranged through the council or directly by the vehicle, with or without a council guarantee.

# 8.2. Loan financing

### **PWLB**

The simplest source of new funding for local authorities is the Public Works Loan Board (PWLB). Variable rate loans are available for up to 10 years and fixed rate loans for up to 50 years.

Fixed rate loans are repayable by one of three methods:

- Annuity or Equal Repayments (ER): fixed half-yearly payments to include principal and interest; or
- Equal Instalments of Principal (EIP): equal half-yearly instalments of principal together with interest on the balance outstanding at the time; or
- Maturity: half-yearly payments of interest only with a single repayment of principal at the end of the term.

Fixed interest rates are determined by the UK Debt Management Office (DMO), by reference to gilt yields and published twice a day. Published rates for February 2016 were some 3.0% - 3.5% for 20 to 40 year loans.

# Capital markets (bonds)

As with registered providers, councils can look to borrow in the debt capital markets through a bond issue – either a public issue or private placement. A public issue would deliver the most competitive funding price and would provide an opportunity for secondary trading for investors (pension funds/insurance companies). It would require the Council to secure an external credit rating (S&P, Moodys, Fitch). This option is not likely to be viable for less than £100m, as the issue costs would otherwise be too high a proportion of the amount raised. For large bond issues



by entities with a very strong credit rating, the pricing can be similar to council funding from PWLB.

A private placement would be far more suitable for smaller amounts of some £50m. It would be arranged through direct dealing with an institution, and would not provide an opportunity for secondary trading. Whilst a credit rating would not necessarily be required, it could help to reduce the price. In general, a private placement is likely to be some10bps (0.1%) higher than a public issue. Overall, bond finance has many of the same characteristics as PWLB funding, and today the rates are similar. However, PWLB is far simpler to access and does not have the transaction costs associated with a bond.

### **Bank funding**

Bank funding provides the simplest loan financing option for a new vehicle. As a newly formed vehicle without a track record, it may be difficult to access bank funding without some form of Council guarantee. However, once the vehicle was established and built up a track record, loan financing could be provided – either at a variable rate, or fixed for a period of time. The precise terms including period of loan, conditions and interest rates would depend on the strength of the business plan and market conditions at that time.

# 8.3. Lease financing

A number of institutional investors have substantial income annuity funds, with a need for long term index linked income. To meet this demand, the local authority sector is seen as an ideal target particularly in view of its credit rating. In recent times, a number of "income strip" transactions have been concluded with housing associations, and with local authorities, for office accommodation and car parks.

The structure of such arrangements is typically:

The preferred investor leasing structure is:

- Sale or long lease by the company to the investor of the properties
- Lease back by the company for 40 years (or potentially longer)
- Lease payments starting at an initial % yield and increasing by inflation each year
- At the end of the lease period the housing reverts to the company for a nominal payment

The attraction to the investor of this structure is that they have no exposure to the properties or their values, and have a predictable income stream from the company (guaranteed by the council).

In terms of pricing and suitability for new housing development, there are a number of advantages and disadvantages in comparing institutional investor sale and leaseback to PWLB or other loan financing. Typical rates quoted for such a lease are an initial yield of 3.5% - so for a £20m sale, the initial payment would be £7.0m. Based on the £20m being amortised over a 40 year lease term, and assuming inflation of 2.0% over this period would give an overall funding cost of some 3.7% pa.



Whilst this is higher than PWLB rates (currently some 3.0% - 3.5%) depending on repayment method), it does have some advantages:

- The escalation of lease payments in line with inflation, matches increases in the company's rental income from the housing, so reduces its risk exposure to higher or lower future inflation.
- Even with a higher overall funding cost, the cash flow profile of a lease is more favourable than any PWLB options in the early years. This is because PWLB does not offer the option of an increasing repayment.

## Operating leases and finance leases

Under International Financial Reporting Standards (IFRS), there are two classifications of lease – an operating lease and a finance lease. The difference in accounting is:

**Finance lease** – Property held under a finance lease is recognised on the balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

**Operating lease** – There is no recognition of an asset or liability on the balance sheet. Instead, rentals paid under operating leases are charged to the Income and Expenditure Statement as an expense.

Under current accounting standards, IAS 17 is used to determine whether a lease is classified as a finance or operating lease. This says that:

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form. Situations that would normally lead to a lease being classified as a finance lease include the following: [IAS 17.10]

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the lease assets are of a specialised nature such that only the lessee can use them without major modifications being made



Whilst there is no prescribed formula for testing the above criteria, there are some established principles.

The effect of this accounting standard is that the vast majority of leases are classed as finance leases, with the effect that their accounting treatment is very similar to loan financing.

# 8.4. Private funding options

There is often a misconception that the source of funding (public or private sector) or perhaps the identity of the recipient (Council or private company) will determine whether or not the funding will be classed as public or private funding from the perspective of Government. In reality the position is far more complex and there are many institutional investor funding models which would be classed as public sector borrowing – even though there is no direct borrowing by a public sector body.

The structure charts in appendix 2 illustrate the optional role for a private funder, both in a wholly owned or joint venture option. The various options are outlined below.

## Council funding of company from existing resources

Depending on the scale of investment required and the Council's financial position, it may be that the Council has sufficient existing resources to fund the company's property acquisitions. In this case no new borrowing would be required – however the use of resources to fund capital investment in a separate entity (either wholly or partly owned) would require the council to make appropriate balance sheet accounting entries.

## Council funding of company from new loan funding

It may be that the Council looks to secure new loan financing to support the funding it provides to the company ("on-lending"). Irrespective of the source of this loan funding (PWLB or bank) the new funding (whether to a wholly or partly owned vehicle) would need to go through the Council's accounts and be recorded on its balance sheet (probably as a loan matched by investment or capital expenditure).

## Third party loan funding direct to company with a Council guarantee

As a new entity, it may be difficult for a company to access new loan funding from third party sources, without the support of the Council. In this case, the loan funding would be recorded in the accounts of the company (and not the Council), but separately the Council would need to recognise the potential liability from such a guarantee on its balance sheet. This position would be the same for a wholly or partly owned company.

Depending on the size of the company in relation to the Council (materiality), it may be necessary for the Council to prepare separate consolidated "group accounts". These accounts would be separate from the main Council accounts – effectively a supplementary note.

## Third party loan funding direct to company with no Council guarantee

Whilst it may be difficult at the outset, at some point in time the company may be able to access loan funding in its own right (ie without recourse to the Council), with the lender covered by the



underlying property values. In this case, the borrowing would not be recorded in the Council's accounts.

However, depending on the scale of activity and extent of company ownership by the Council, it is possible that group accounts will again have to be prepared.

## Third party lease funding directly to the company with a Council guarantee

To secure a competitive finance rate, any third party lease funding arrangement would almost certainly require a Council guarantee. On the basis that the lease is classed as a finance lease (see above), the accounting treatment would be similar to a council guarantee provided for third party loan funding.

# Third party lease funding directly to the company without a Council guarantee

If the company was able to secure third party lease financing without a Council guarantee (eg using the underlying property values as security) the accounting treatment would be similar to third party loan funding as outlined above.

## 8.5. Illustration

To illustrate the potential funding options, we have used a case study example with a rental mix which generates a IRR of 4% (44% LHA and 56% intermediate).

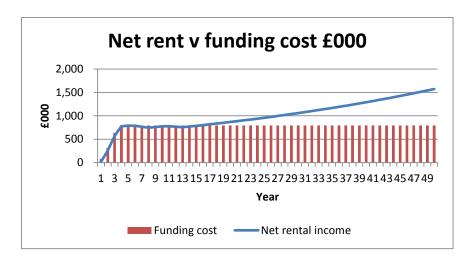
# 8.5.1. Loan financing

We have modelled the option of the vehicle sourcing loan finance at a long term fixed rate. Whilst current PWLB rates are some 3.0% to 3.5%, as the funding would not be required until 2018, we have assumed a rate of 4.0%.

On this basis, the table and chart below shows the annual interest charge and compares it to the forecast net rental income.

018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
	3,896	11,806	19,873	19,873	19,873	19,873	19,873	19,873	19,873
3,896	7,909	8,068							
3,896	11,806	19,873	19,873	19,873	19,873	19,873	19,873	19,873	19,873
78	314	634	795	795	795	795	795	795	795
16	260	568	772	788	786	765	744	759	774
-62	-54	-66	-23	-7	-9	-30	-51	-36	-21
3,	896 896 78	3,896 896 7,909 896 11,806 78 314 16 260	3,896 11,806 896 7,909 8,068 896 11,806 19,873 78 314 634 16 260 568	3,896 11,806 19,873 896 7,909 8,068 896 11,806 19,873 19,873 78 314 634 795 16 260 568 772	3,896 11,806 19,873 19,873 896 7,909 8,068 896 11,806 19,873 19,873 19,873 78 314 634 795 795 16 260 568 772 788	3,896 11,806 19,873 19,873 19,873 896 7,909 8,068 896 11,806 19,873 19,873 19,873 19,873 78 314 634 795 795 795 16 260 568 772 788 786	3,896 11,806 19,873 19,873 19,873 19,873 896 7,909 8,068 896 11,806 19,873 19,873 19,873 19,873 19,873 78 314 634 795 795 795 795 16 260 568 772 788 786 765	3,896 11,806 19,873 19,873 19,873 19,873 19,873 19,873 896 7,909 8,068 896 11,806 19,873 19,8	3,896 11,806 19,873 19,873 19,873 19,873 19,873 19,873 19,873 19,873 896 7,909 8,068 896 11,806 19,873 19,8





This shows that in the initial years, shortfalls would arise, but that over time, substantial annual surpluses will arise in the vehicle, resulting from the inflationary increase in net rental income compared to a fixed interest rate.

The shortfall could be addressed by capitalising (rolling up) some of the interest in the early years.

# 8.5.2. Lease financing

We have modelled the option of the vehicle sourcing lease finance on the basis of a fully amortising lease so that at the end of the term there is no financial liability remaining.

Based on current market conditions, we have modelled two options:

- A 40 year lease with an initial yield of 3.4%
- A 50 year lease with an initial yield of 3.0%

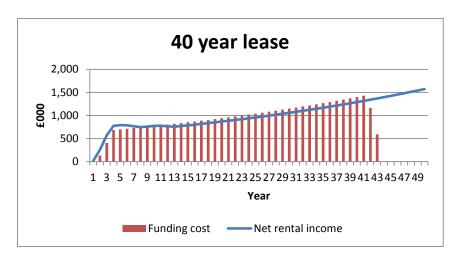
In both cases the lease payments increase each year by CPI (assumed to be 2.0%).

So, for example, if £10m finance were provided, the annual lease payment for a 40 year lease would start at £340,000 and would increase by 2.0% each year. Then at the end of the 40 year period, the £10m would be fully repaid.

The tables and charts below compare the net rental income to the lease cost (for both a 40 year and 50 year lease) based on three separate leases for the three tranches of property acquisition in 2018, 2019 and 2020.

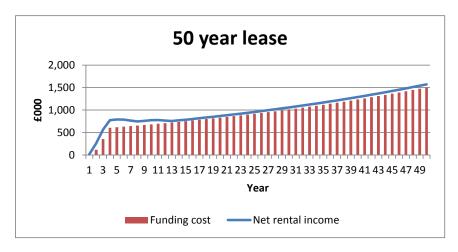
Year	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
£000										
Net rent	16	260	568	772	788	786	765	744	759	774
40 year lease cost		132	404	686	700	714	728	743	758	773
Surplus 40 years	16	127	164	86	88	72	37	1	1	1





This shows that a 40 year leasing arrangement would be affordable in the initial years, but then have shortfalls in later years as life cycle commitments arose.

Year	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
£000										
Net rent	16	260	568	772	788	786	765	744	759	774
50 year lease cost		117	357	606	618	630	643	656	669	682
Surplus 50 years	16	143	211	167	170	156	123	88	90	92



For a 50 year leasing arrangement, the annual lease payments would be affordable for every year of the lease.

These tables and charts illustrate the advantages of a funding arrangement which starts with a lower financial commitment and then increases over time in line with net rental income. They also show how a longer lease period can produce a proposition which is in surplus each year.



# 9. Council company financial forecasts

# 9.1. Introduction

The previous sections have provided illustrations for the case study sites and have looked at the costs to a new vehicle of acquiring a portfolio of properties, and the income they would generate based on local housing allowance levels. They also included high level viability assessments which indicated how the proposals could be viable, and have explored alternative funding options.

This section now looks at the option of a wholly owned Council company which is funded entirely by the Council, to illustrate the way in which such a proposition could be:

- Viable from the perspective of the company
- Financially neutral (or positive) for the Council

# 9.2. Case study assumptions

These forecasts are based on a case study, with 70 properties being acquired by the company (with funding provided by the council) and let at a 50/50 mix of market rents and LHA rents.

# **Acquisition costs**

Using case study assumptions, the properties acquired, and their acquisition costs would be:

				2018 values	
	Number	Av size (sq ft)	Market value £/sq ft	Av market value £000	Acqusition price (90%)
1 bed	25	600	400	240	216
2 bed	43	850	400	340	306
3 bed	2	950	400	380	342
	70	-			

## Property acquisitions costs

	Total	2018.19	2019.20	2020.21
Property numbers	70	14	28	28
Cost £000	19,873	3,896	7,909	8,068



### Net rental income

On the basis that 50% of the properties are let at LHA rates, and 50% at market rent, the 2018 rental income of the case study portfolio of 70 properties would be an average of £12,684:

Annual rents 2018 £	LHA	Market rent	Average
1 bed	7,957	12,600	10,279
2 bed	10,009	17,850	13,929
3 bed	11,975	19,950	15,962
A verage	9,332	16,035	12,684

Combining these rent levels with operating cost assumptions as before, leads to net rental income as in the table below.

Year	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
Operating summary £	000									
Gross rent	37	345	711	916	929	948	966	986	1,006	1,026
Rent bad debts	1	7	14	18	19	19	19	20	20	21
Management	12	39	58	48	49	50	51	52	53	54
Maintenance	5	16	28	28	29	35	48	61	63	64
Life cycle						12	36	61	63	64
Relet costs		1	5	9	9	9	9	9	10	10
	19	64	105	103	105	125	164	204	208	212
Net rental income	19	281	606	813	824	823	803	782	798	814
Number of properties	14	42	70	70	70	70	70	70	70	70
Gross rent per unit	3	8	10	13	13	14	14	14	14	15
Net rent per unit	1	7	9	12	12	12	11	11	11	12
Net/Gross	50%	82%	85%	89%	89%	87%	83%	79%	79%	79%

Within the company, the net rental income would need to meet:

- Company administration costs for the purposes of the financial modelling, additional company administration costs of £20,000 pa has been included to cover the additional administrative costs of the company.
- Funding cost the costs of servicing the funding provided to the company to acquire the properties (see below)
- Tax cost corporation tax payable on the profits of the company (see below)



# 9.3. Company funding arrangements

# 9.3.1. Funding structure

Whilst it may be possible to source funding for the company from third party providers, the working assumption is that the Council provides funding for the company. This is the option which is being pursued by most local authorities setting up new housing companies, largely based on simplicity and value for money, and the flexibility it provides to return surpluses to the Council as revenue.

To model the financial impact of Council funding for the company, assumptions need to be made on:

- The form of funding provided to the company. The two main options are for the Council to invest share capital in the company (in return for dividend income and capital growth), or to make loans to the company on which interest is paid.
- The interest charge made by the Council to the company. The rate of interest charged by the Council to the company on loans, which would need to be set at a broadly "commercial rate" to satisfy state aid requirements (depending on the proposed activities of the Company).
- The cost to the Council of accessing funding to provide to the company, which would take account of the Council's overall financial position, including the availability of internal resources, and the need to borrow.

### Form of funding

A typical commercial arrangement would see the company established with a mix of share capital (equity) and loans (debt). As the sole shareholder, the mix of debt and equity would be a decision for the Council, and would have regard to the need to establish the company as a sound and viable business, as well as state aid and tax implications.

Higher levels of debt would increase the interest charge in the company, reducing its liability to corporation tax and generating more revenue for the Council. However, an excessive amount of debt (which is not regarded as a normal commercial arrangement) may lead to a challenge from HMRC with the effect that some of the interest costs are not allowable as a tax deduction.

For the purpose of the financial modelling in this section, it has been assumed that a 65%/35% debt/equity split would reflect a normal commercial arrangement and lead to a level of interest charge which would be acceptable to HMRC.

## Loan interest rate and terms

As outlined above the terms and rate of interest associated with any loan would need to take account of state aid considerations.

Under the market economy investor (or lender) principle, if the Council is acting in a way that a private lender and/or investor would in similar circumstances in a market economy then the Council's investment is considered a market activity and not State Aid. For example if the Council provided a loan on commercial terms and at a commercial interest rate, properly taking into account risks and/or made an equity investment on terms and for the return which a private investor would do, then such activity would not constitute unlawful State Aid.



Whilst it would depend on the precise capital structure and activities of the company, the specific circumstances at the time of the loan, and the terms and conditions attaching to the loan, we have based the financial modelling on a loan interest rate of 5.5% pa.

The length of the loan facility would also need to be agreed as a part of the funding agreement. To reflect a typical commercial arrangement, the working assumption is that the term would initially be for 5 years. This period would provide the company with sufficient time to establish the business and demonstrate the ability of the company to deliver a business plan whilst providing a lender with an exit opportunity in the medium term. Towards the end of the term the company would look to refinance the existing debt, and the terms of any refinancing would then take account of the track record of the company and the likely increased equity, resulting from capital growth in its asset base.

On this basis, financial modelling assumes that a further loan facility would be agreed at the end of this 5 year period, so that a loan at an interest rate of 5.5% has been assumed throughout the period of the financial modelling.

## **Council cost of funding**

The cost to the Council of providing funding to the company will depend on its overall financial position, including the availability of internal resources, and the need to borrow. At this stage, for the purposes of the financial modelling, a cost of funding to the Council of 3.5% has been assumed, based on current PWLB rates.

# 9.3.2. Funding summary

Based on the 65%/35% funding structure outlined above, the £19.9m acquisition of the portfolio would be funded by £6.96m share capital (equity) and £12.92m loan.

Funding £000	Total	2018	2019	2020
Equity	6,956	1,364	2,768	2,824
Loan	12,918	2,533	5,141	5,244
Acquisition cost	19,873	3,896	7,909	8,068

The loan would bear interest of 5.5%, i.e. £710,000 pa once it reaches the £12.92m total.

From the Council's perspective, it would need to provide £19.9m funding in total to the company. Based on the assumption this is funded through a loan of £19.9m at an interest rate of 3.5%, it would have an interest cost of £696,000 pa – less than the annual interest receipt of £710,000.

## 9.4. Taxation

Whilst the Council has a favourable tax position, the company will be liable for:

■ VAT on operating costs which cannot be recovered – 20% VAT cost has been included in the operating cost allowances (see section 5.4)



Corporation tax on its profits

For the rental business, corporation tax will be payable on profits, which are based on gross rental income received, less:

- Operating costs Whilst this will include property management and maintenance costs, it would not necessarily include major life cycle works. Depending on the precise nature of such works, they may not be allowable. On this basis, a simple assumption that 50% of life cycle costs are not allowable has been included.
- Company administration costs These are likely to be allowable as a deduction against the rental income.
- Interest payable Whilst there is some risk that interest would not be deductible if the funding arrangement was not a normal commercial arrangement (see above), the assumption is that the company will be set up and funded so that interest costs will be tax deductible.

The table below summarises the corporation tax liability which would arise, based on these assumptions.

Year		2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
Tax calculation								
Net rental income		19	281	606	813	824	823	803
Life cycle costs	50%						6	18
Company administration		-20	-20	-21	-21	-22	-22	-23
Interest payable		-52	-316	-602	-710	-710	-710	-710
Taxable profit	•	-54	-55	-17	81	92	96	88
Losses in year		-54	-55	-17				
Profit before tax	•				81	92	96	88
Losses used					81	44		
Taxable in year	•					48	96	88
Tax payable	20%					10	19	18

This shows how losses incurred in the initial period can be carried forward and offset against future profits, so that 2022/23 would be the first year in which tax would arise. This would be payable the following year.



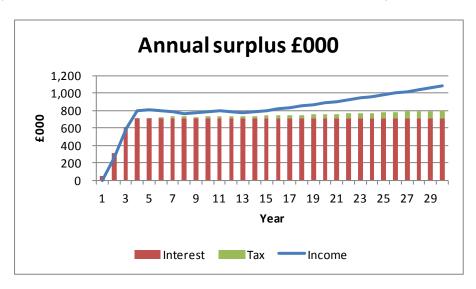
# 9.5. Company summary

# 9.5.1. Annual cash flow

Combining net rental income with assumptions on interest and tax give the following overall position for the company:

£000	Total 5yr	Total 20 yr	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
Cash flow									
Net rental income	2,542	15,015	19	281	606	813	824	823	803
Company admin	-104	-486	-20	-20	-21	-21	-22	-22	-23
	2,438	14,529	-1	261	585	792	802	801	780
Interest	-2,391	-13,048	-52	-316	-602	-710	-710	-710	-710
	48	1,482	-54	-55	-17	81	92	90	70
Tax		-404						-10	-19
Total for year	48	1,077	-54	-55	-17	81	92	81	51
Cumulative			-54	-109	-126	-44	48	128	179

Whilst there are relatively small deficits in the initial years as the portfolio is built up, the position quickly moves to one of annual surpluses. The chart below shows how the annual position improves over time as inflation increases the net rental income compared to static interest charge.



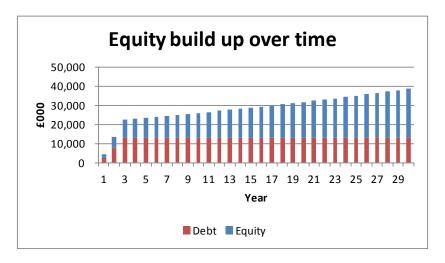
This shows company financial forecasts which could be delivered within the funding assumptions, and so represent a viable proposition.

# 9.5.2. Equity growth

As well as generating an annual cash surplus from its property portfolio, the company would also own a property portfolio which is likely to increase in value over time. The table and chart below shows how the forecast increase in market value of 2.0% pa combined with a fixed level of debt, leads to an annual increase in equity in the company.



£m	Total 5yr	Total 20 yr	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24
Company equity  Number of properties			14	42	70	70	70	70
Market value	23,489	31,613	4,340	13,280	22,577	23,028	23,489	23,958
Debt	12,918	12,918	2,533	7,674	12,918	12,918	12,918	12,918
Equity	10,571	18,695	1,807	5,607	9,659	10,110	10,571	11,041



Whilst this equity value is not immediately available to the Council, as owner it would benefit from the increase in equity which it could release through disposal of some of the underlying properties, or of a part of the share capital of the company.

# 9.6. Council financial implications

# 9.6.1. Lender

As a lender, the Council can properly charge interest on its loan funding to the company, in accordance with the terms of its funding agreement. Under state aid regulations the interest rate would almost certainly be higher than the Council's cost of funding (see above). As interest payments are tax deductible, the payment of interest passes pre tax profits to the Council and reduces the tax liability in the company. It should be noted that any excessive interest payments or non-commercial arrangements could be subject to challenge by HMRC (see above).

Based on the assumptions within this business plan, the Council would provide loan funding to the company during the acquisition period, totalling £12.92m. In return, the Council will receive interest from the company (modelled at 5.5%). This interest received by the Council could be used to meet the Council's cost of funding for its loan to (and investment in) the company.

# 9.6.2. Shareholder/investor

The proposal is for the Council to invest £6.96m as share capital in the company. This would set up the company with a reasonable level of equity, so that a viable rental business could be established. In return for this investment, the Council would be entitled to receive dividend payments from the company. The level of dividends paid would be a decision for the shareholders, and they could only be paid out of the company's accumulated profits. Dividends are paid out of the company's taxed profits.



In the longer term, the company would continue to hold the properties for rent, and as outlined in section 9.5 above, the impact of inflation would see net rent growing, compared to a static debt cost, leading to escalating profits. In addition to these profits, the shareholders would also benefit from the longer term growth in value of the properties. This is shown in section 9.5 above.

# 9.6.3. Projected financial return for the Council

It has been assumed that the Council would need to pay for the cost of funding its investment in and loan to the company, and that the cash financial return from the company would pay for this. As dividends can only be paid out of accumulated profits, the company will not be in a position to pay dividends in the initial years.

The table below compares the interest received on the loan with the interest payable on funding for both the loan and investment.

£000	Total 5yr	Total 20 yr	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
Council									
Investment in company			1,364	4,132	6,956	6,956	6,956	6,956	6,956
Loan to company			2,533	7,674	12,918	12,918	12,918	12,918	12,918
Total Council funding			3,896	11,806	19,873	19,873	19,873	19,873	19,873
			'						
Interest payable on funding	-2,340	-12,774	-51	-309	-589	-696	-696	-696	-696
Interest received from comp	2,391	13,048	52	316	602	710	710	710	710
Net interest	50	274	1	7	13	15	15	15	15
Dividends	38	1,027					38	71	52
Total return	88	1,301	1	7	13	15	53	86	67

This shows that a 5.5% interest charge to the company on the loan, will provide the Council with sufficient resources to cover the 3.5% cost of funding for the combined loan and investment.

In addition to receiving dividends and interest payments, the Council may provide services to the Company. The (arm's length) charge for such services by the Company would be tax deductible. At this stage, it has been assumed that any services are paid for by the company at cost – ie there is no financial benefit arising to the Council through provision of services to the company. In reality it may be that the Council provides services to the company, and that the charge to the company properly includes a contribution to the fixed cost base of the Council. This benefit to the Council has not been factored in at this stage.

In addition to this projected cash return to the Council as shareholder and investor, the company will own a portfolio of 70 properties. Section 9.5 above shows the equity value of these properties in the company, and as owners of the company, this underlying property equity remains in its control of the Council.

# 9.6.4. Temporary accommodation savings

In addition to the direct financial implications of the company on the Council, the presence of a company which increased the availability of properties to let at LHA levels would lead to a saving in temporary accommodation costs. We understand that the potential saving could amount to £11,960 pa per property, so based on 35 properties available to let at LHA levels this would amount to some £418,000 pa.



### 9.7. Financial risks and sensitivities

The financial forecasts set out above are based on a number of underlying assumptions which are partly outside the control of the Council/company, in particular:

- Future property prices and rent levels
- Interest rates and inflation

The principal way in which these risks can be managed lies in the adoption of a robust property acquisition strategy which sets minimum rental yields and assesses the likely rental demand for the property.

After acquisition, if economic or market factors change and more income is necessary, the option to switch properties from LHA to market rent would be there. To show the impact of lower yields and the level of switching of rent levels which would be required, we have looked at the impact of a 0.25% and 0.5% reduction in gross rental yields for all market rent properties.

Whilst a reduction of 0.25% (to 5.0%) could be accommodated within the current forecasts, if market rental yields were 0.5% lower (at 4.75%), then an adjustment to the mix of rents (to 40% LHA rent / 60% market rent) would be needed to preserve viability.

In terms of inflation and interest rates, there is a certain amount of natural protection as inflation and interest rates are, to an extent, linked. If inflation is higher than anticipated, it is likely that net rental income and property values would also increase, so that the impact of higher interest costs would be covered.

It should also be remembered that the company will be the owner of a portfolio of properties in Brighton, so there is always the option of releasing capital through subsequent disposal of one or more properties.

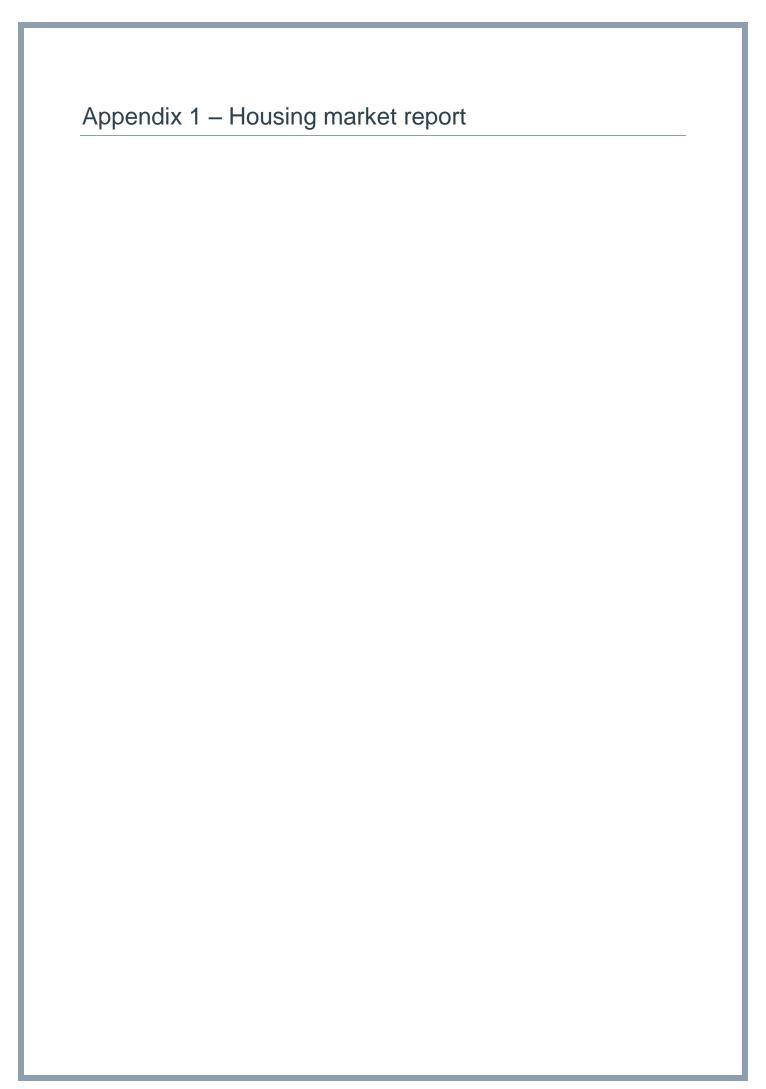
## 9.8. Summary

Case study financial modelling shows a proposition which is likely to be viable from the perspective of the company and Council, and in addition to deliver temporary accommodation savings to the Council of some £418,000 pa. This is based on:

- 70 properties a mix of 50% LHA and 50% market rent
- A gross rental yield on the market rent properties of 5.25%
- Funding from the Council of 65% debt and 35% equity with the debt having an interest rate of 5.5%.

The principal risk to viability lies in the ability to achieve sufficient net rental income from the properties to meet financing costs. In this context, it would be important to adopt a robust property acquisition strategy which sets minimum rental yields and assesses the likely rental demand for the property.





**Housing Market Report** 



# **Housing Market Report**



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**Housing Market Report** 



# 1. Brighton Overview

# 1.1. Location Map



### 1.2. Location

Brighton is situated on the south coast of England and forms the largest part of the city of Brighton and Hove. The 2011 census estimated the population of Brighton and Hove as 273,400, making it the largest local authority in the South East of England. Worthing lies to the west, approximately 14.5 miles (23 km) and Eastbourne to the east, an approximate 22 miles (35 km). Horsham lies approximately 24 miles (39 km) to the north of Brighton.

# 1.3. Population and Demographics

The population in the 2011 census for Brighton & Hove was estimated at 273,400 people, an increase of 25,552 since the 2001 census. The latest estimate, for 2012, is 275,800 residents with further growth projections of 5.1 per cent by 2021, which would take the resident population to 289,900 (Figure 1). The city has an unusual age distribution compared to both the national and regional profiles; there are fewer children and old residents, but a clear swell in the proportion of adults aged 20-44 years (Figure 2). There is a substantial student population in the city; at the time of the 2011 census full time students aged over 16 years accounted for 14 per cent of the population living in the city (32,920). The average proportion of the population who are students is eight per cent in the South East and England.





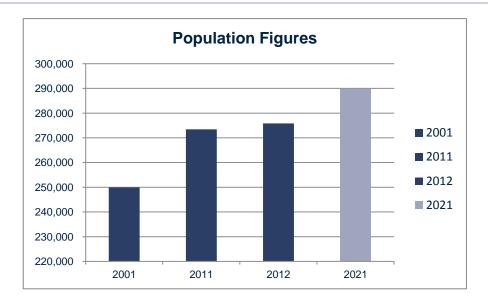


Figure 1 – Population of Brighton & Hove at indicated years, including forecast to 2021



Figure 2 – Age profile of Brighton & Hove in comparison to the South East and England

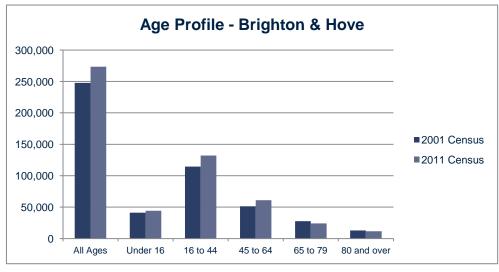


Figure 3 - Age profile of Brighton & Hove in 2001 and 2011

### **Housing Market Report**



## 1.4. Transport

Brighton is connected to the national road network by the A23 (London Road) northwards, and by two east—west routes; the A259 along the coast and the A27 trunk route inland. The A23 joins the M23 motorway at Pease Pottage near Gatwick Airport. Frequent trains operate from Brighton railway station with Brighton residents commuting to work in London. Destinations include London Victoria, London Bridge and St Pancras International. Most trains serve Gatwick Airport, and those operated by Thameslink continue to Luton, Luton Airport and Bedford. The fastest service from London Victoria takes 51 minutes. Brighton Airport offers chartered and scheduled flights using light aircraft, is 9 miles (14 km) west of Brighton near the town of Shorehamby-Sea. Gatwick Airport, one of Britain's major international airports, is 22 miles (35 km) north on the A23; regular coach and rail services operate from Brighton.

# 1.5. Housing

Nearly a third of households in the city are private renters (35,959 households, 29.6%), this compares to only 16.3% in the South East and 16.8% in England. There are 10,691 more households renting from a private landlord or agency in 2011 than there were in 2001, an increase of 45.7%. Figure 4 below provides a summary of various housing tenures.

Figure 4 - Brighton Tenure Profile

Tenure										
	Census 2	011			Census 2001		Change			
	Brightor	ı & Hove	South East	England	Brighton	& Hove	2001 - 2011			
	Number	%	%	%	Number	%	Number	%		
Tenure	121,540				114,479					
Owned outright	28,397	23.4%	32.5%	30.6%	29,810	26.0%	-1,413	-4.7%		
Owned with a mortgage or loan	36,393	29.9%	35.1%	32.8%	40,131	35.1%	-3,738	-9.3%		
Shared ownership	1,045	0.9%	1.1%	0.8%	639	0.6%	406	63.5%		
Rented from council	11,928	9.8%	5.8%	9.4%	11,779	10.3%	149	1.3%		
Social rented: Other	6,259	5.1%	7.9%	8.3%	5,017	4.4%	1,242	24.8%		
Private landlord or letting agency	34,081	28.0%	14.7%	15.4%	23,390	20.4%	10,691	45.7%		
Private rented: Other	1,878	1.5%	1.6%	1.4%	3,713	3.2%	-1,835	-49.4%		
Living rent free	1,559	1.3%	1.3%	1.3%			1,559			

2011 Census data taken from ONS table QS105EW

**Housing Market Report** 



# 2. Private Rented Sector Overview

There were 4.3 million households in the private rented sector in the UK in 2011. Savills expects the number to grow by one million over the next five years.

Although renting privately continues to be a short-term measure, more people are renting for longer. The biggest group of private tenants is aged between 25 and 34. However the fastest growing group of private tenants are aged between 35 and 44, a quarter of who are young families. Terms for this group include "Generation Rent" and the "Rentysomethings".

For some of this group, the aspiration of home ownership may not be satisfied until much later in life. However due to a combination of high prices and increasing interest rates, some may never have the financial capacity to buy a property, with this group dubbed the "New Excluded".

It is likely that increasing numbers of tenants being priced out of the purchase market will lead to rented becoming a credible alternative for future generations.

The mismatch between supply and demand is driving up rents. This combined with the population of London expected to rise from 8.3 million in 2013 to 9 million by 2020 has led to Savills Research anticipating that Greater London will outperform the wider UK regions over the next five years.

This upward pressure on rents will also be felt within the commuter belt towns and cities. The supply of new housing in London is falling way short of demand; the Mayoral Housing Strategy targets the delivery of 42,000 homes per annum over the next 10 years whereas latest figures supplied by the DCLG indicate current annual house building starts of 21,370.

The lack of supply will drive renters to look at alternative locations due to a combination of being priced out of particular markets but also seeking an improved standard of living to what London could offer.

Brighton's demographic characteristics, together with its strong transport connections to London and vibrant social / leisure offer, have unsurprisingly made it a popular rental market. Approximately 26% of the population is within the key 20 to mid 30s years of age bracket. The above combination has resulted in private renting in Brighton being the second most popular tenure behind owner occupation with mortgage; a figure of 28% which is almost double the national average.

Brighton's strong PRS dynamics undoubtedly puts it on the target location list for the growing number of professional investors in the sector. Below we provide a brief overview of the type of organisations who are investing and the method they employ when appraising an opportunity.

# 2.1. Investors

A wide range of investors are actively acquiring PRS opportunities. These investors can broadly be grouped into three groups:

- Commercial and Institutional Investors
- Existing Private Sector Portfolio Owners
- Individual Buy to Let Investors

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Each group has different requirements and strategies for holding stock. Residential is a total return asset, with the return comprising an element of capital growth and rental income. As such some of the above groups will be long term holders, with the prime aim income albeit with some trading as and when properties fall outside the core portfolio holding. For others, capital growth is the key driver, with the strategies adopted to acquire portfolios at discount and undertake a phased trade out for profit after hold and sales costs.

#### 2.2. Investment Metrics

There are broadly three investment metrics which investors will consider when determining the level of price they would be willing to offer for an existing residential property:

- Gross and Net Yield
- Discount from aggregate vacant possession
- Internal Rate of Return based on cash flow

All of the above investor groups will look at yield and discount, however in general it is mainly Commercial and Institutional Investors who will also seek internal rate of return metrics which requires the preparation of discount cash flows.

These metrics are used to compare projects against each other, enabling investors to gauge which projects produce the best risk adjusted return. Funding costs play are large part in desired return levels; investors who use higher cost mezzanine funding would require a greater return than those who raise funds via cheaper bond finance.

### **Gross and Net Yield**

Put simply this is the percentage return of the rental on the purchase costs incurred in acquiring a portfolio. The Gross Yield is based on the gross rent, with the Net Yield based on the net operating income after operating costs are deducted.

Returns vary however the general trend is investors will seek a higher level of rental yield for properties which are either more management intensive, or where capital growth prospects or where tenant demand is limited.

Examples of such properties included HMO's, older stock requiring modernisation and stock in lower value markets where extensive regeneration is required to lift an area to establish it as an attractive rental destination for tenants.

Lower returns are accepted for properties with stronger capital growth prospects with a large pool of prospective tenants. Examples would include properties in established residential locations in inner London Boroughs, where ongoing development and the established leisure offer, combined with excellent commuter links, makes them popular destinations for tenants.

Accepted day one yields from investors will vary. However even for higher quality opportunities where a greater proportion of the return will be capital growth, commercial investors will generally want the net rental yield to exceed their cost of funding by year 5 as the aim will be to generate an element of profit and not be reliant on capital growth as the main driver of return.

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### Discount from aggregate vacant possession

Along with yield, investors acquiring portfolios will look to acquire the units at discount from their perceived individual vacant possession market value. The discount immediately provides capital upside and protects investors returns to some degree if operating cost assumptions are too low.

As noted, for some speculative trader investors, the discount is the key metric as their return will be the profit after hold costs from phased sales. As long as they feel they have secured the portfolio for a true discount of vacant possession value, this investor group will accept a net rental yield below cost of funds as their hold period will be short term, with the aim of trading out of the portfolio.

However even for long terms holders, the discount is relevant as it will enable a profit to be achieved if the rental performance and yield is below expectations resulting a decision to exit the portfolio on a phased sale basis.

## **Internal Rate of Return**

As noted a key metric for commercial and institution investors is the Internal Rate of Return. The internal rate of return is the discount rate used where the net present value from the cash flow is zero.

This will be calculated using a discounted cash flow which adopts a discount rate to the net operating income stream.

The discount rate reflects the risks associated with the ownership of the specific property opportunity. It is based on the risk free rate (yield on 30 year gilt) plus an appropriate risk premium.

Again return requirements vary, particularly when gearing (debt) is introduced. However on an ungeared (100% equity) basis investors would accept returns of below 10%, with returns upwards of 15% on equity sought on geared opportunities. Investors would also look at the equity multiplier, which reflects the multiplier increase in the equity which has to be put into a project which the investment generates over its hold period.

## **Metrics Commentary**

The nature of PRS is such that each opportunity should be appraised on its own metrics as the specific characteristics of a scheme will determine what return levels investors would seek. It is not possible to apply an arbitrary "typical" discount across a variety of schemes within a city as scheme location and specific design factors will influence demand, rental growth and operating costs. By way of example, the level of return and discount investors would seek for a brand new scheme comprising larger than average apartments, several lift cores and on site communal leisure space would be significantly different to levels sought for an older scheme with no lift and limited on site communal space.

# 3. Market Overview

We have undertaken research using a combination of Land Registry and Rightmove data combined with interviewing several agents active in Brighton to provide an overview of the general trends in the housing market, with a specific focus on rental. Our summary is provided below:

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	1 bedroom apartment	2 bedroom apartment	3 bedroom apartment					
Typical Sales Value Range (£)	£185,000 - £295,000	£275,000 - £400,000	£350,000 - £465,000					
Typical Rental Value Range (£)	£795 - £1,100	£1,100 - £1,400	£1,400 – £1,900					
Typical Residential Yields (%)	5/6%	5/6%	5/6%					
Overall Demand	·	One bed apartments are the most in demand properties in Brighton. There is high demand for both 1 and 2 bed apartments but low supply. There is very little demand for 3 bed apartments.						
Specific Tenant Demand	There is very good demand from single professionals who are mainly seeking 1 bed apartments. The demand for 1 and 2 bed apartments is predominantly from professional singles and cohabiting couples. International students also generate a high demand for 1 and 2 bed apartments, especially in the area around Brighton Station. There is some demand from domestic students for lower spec 1 and 2 bed apartments. There is little demand from families; those that are seeking rental accommodation are mainly looking for 3 bed apartments.							
Factors Important to Tenants	<ul> <li>International students also furnishings or unfurnished with furnishings.</li> </ul>	professionals and couples are mainly require unfurnished but they also have the goods provided. They are we in 1-3 bed apartments, but this is but this but this but this is but this is but this but thi	so have a preference for basic willing to pay a premium for basic					
Notable future developments	Royal Alexander Quarter, Dyke Royal Alexander Quarter, Dyke Royal Complete at the end of this month.  Martello Loft, Portland Road in Hor	<ul> <li>Parking is considered a bonus in 1- 3 bed apartments, but this is becoming less of a requirement.</li> <li>Royal Alexander Quarter, Dyke Road, BN1 3HR is in the final phase of development and is due to complete at the end of this month.</li> <li>Martello Loft, Portland Road in Hove, build due to complete winter 2015.</li> <li>One Hove Park, BN3, due to complete September 2015.</li> </ul>						
Time period void units require to be re- let	Maximum 2 - 3 weeks void a year.	During first year of purchase, factor	r in a months void.					
Other Comments	market within the area is very but	e centre of Brighton within close poyant especially for 1 and 2 bed ap 1 week – 10 days for 2 bed apartme	partments. Most 1 bed apartments					



# 4. Comparables Summary – Rentals and Sales

In addition to the general market overview, we have reviewed the rents and sales prices being achieved / quoted at a selection of modern schemes within Brighton, which will assist in the assumptions we using for the modelling scenarios.

Our summary is provided below:

Scheme Name	1 Bed Apartment		2 Bed Apartment		3 Bed Apartment	
Atrium House, 30 Regent Street, BN1 1UU	Average Rent pcm (£)	1,017	Average Rent pcm (£)	1,550	Average Rent pcm (£)	2,000
	Average Rent p/w (£)	234	Average Rent p/w (£)	358	Average Rent p/w (£)	462
	Average Size (sq ft)	538	Average Size (sq ft)	N/A	Average Size (sq ft)	N/A
	Average Rent psf pa (£)	22	Average Rent psf pa (£)	N/A	Average Rent psf pa (£)	N/A

The scheme is a new build development, ideally situated minutes from central Brighton shops and restaurants. The properties are only a five minute walk from Brighton Station.

RENTS			
Description	Rent pcm (£)	Rent p/w (£)	Status
1 bed apartment	1,050	242	On the market
1 bed apartment	1,000	231	Let agreed
1 bed apartment	1,000	231	Let agreed
2 bed apartment	1,550	358	On the market
2 bed apartment	1,550	335	On the market
2 bed apartment	1,550	358	On the market
2 bed apartment	2,000	462	On the market
SALES			
Description	Sale Price	Price psf (£)	Status
2 bed penthouse	550,000	656	On the market
2 bed penthouse	550,000	656	On the market





Scheme Name	1 Bed Apartment		2 Bed Apartment		3 Bed Apartment	
Cawthorne House, Dyke Road, BN1 3GZ	Average Rent pcm (£)	1,450	Average Rent pcm (£)	1,638	Average Rent pcm (£)	N/A
	Average Rent p/w (£)	335	Average Rent p/w (£)	377	Average Rent p/w (£)	N/A
	Average Size (sq ft)	N/A	Average Size (sq ft)	809	Average Size (sq ft)	N/A
	Average Rent psf pa (£)	N/A	Average Rent psf pa (£)	22	Average Rent psf pa (£)	N/A

The scheme is located between Clifton Hill and Seven Dials, is 0.2 miles from Brighton train station with regular services into London Bridge and London Victoria. It is also close to the City centre and seafront restaurants, café culture and shops. The development includes private landscaped gardens and private parking for larger apartments.

RENTS				
	Description	Rent pcm (£)	Rent p/w (£)	Status
	1 bed apartment	1,450	335	On the market
	2 bed apartment	1,600	369	Let agreed
	2 bed apartment	1,700	392	On the market
	2 bed apartment	1,750	404	On the market
	2 bed apartment	1,500	346	On the market
SALES				
	Description	Sale Price	Price psf (£)	Status
	1 bed apartment	315,000	562	On the market
	1 bed apartment	350,000	626	On the market
	1 bed apartment	330,000	590	On the market
	1 bed apartment	320,000	571	Sold
	1 bed apartment	325,000	580	On the market
	2 bed apartment	480,000	588	Sold
	3 bed penthouse	1,100,000	N/A	On the market
	3 bed penthouse	1,100,000	N/A	On the market





Scheme Name	1 Bed Ap	artment	2 Bed Ap	Apartment 3 Bed A		artment
Stepney Court, Fleet Street, BN1 4GS	Average Rent pcm (£)	N/A	Average Rent pcm (£)	1,722	Average Rent pcm (£)	2,213
	Average Rent p/w (£)	N/A	Average Rent p/w (£)	399	Average Rent p/w (£)	511
	Average Size (sq ft)	N/A	Average Size (sq ft)	941	Average Size (sq ft)	861
	Average Rent psf pa (£)	N/A	Average Rent psf pa (£)	21	Average Rent psf pa (£)	31

Just a few minutes walk to Brighton train station, this is an ideal location for commuters & students and with easy access to local amenities. Modern décor throughout and finished to a high standard.

RENTS			
Description	Rent pcm (£)	Rent p/w (£)	Status
2 bed apartment	1,850	427	On the market
2 bed apartment	1,750	404	On the market
2 bed apartment	1,750	404	Let agreed
2 bed apartment	1,750	404	Let agreed
2 bed apartment	1,700	392	Let agreed
2 bed apartment	1,650	381	On the market
2 bed apartment	1,450	345	On the market
2 bed apartment	1,850	427	On the market
2 bed apartment	1,750	404	On the market
3 bed apartment	2,300	531	On the market
3 bed apartment	2,200	508	On the market
3 bed apartment	2,400	554	On the market
3 bed apartment	1,950	450	Let agreed
SALES			
Description	Sale Price	Price psf (£)	Status
2 bed apartment	390,000	348	On the market
2 bed penthouse	600,000	398	Under offer
3 bed apartment	390,000	415	On the market
3 bed apartment	425,000	452	Sold

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Scheme Name	1 Bed Ap	artment	2 Bed Ap	artment	3 Bed Ap	artment
Embankment House, 7 Fleet Street,BN1 4HD	Average Rent pcm (£)	1,283	Average Rent pcm (£)	1,525	Average Rent pcm (£)	N/A
	Average Rent p/w (£)	296	Average Rent p/w (£)	352	Average Rent p/w (£)	N/A
	Average Size (sq ft)	526	Average Size (sq ft)	788	Average Size (sq ft)	N/A
	Average Rent psf pa (£)	29	Average Rent psf pa (£)	23	Average Rent psf pa (£)	N/A

Apartments in a luxury new development, currently under construction adjacent to Brighton Station offering direct links to London. The apartment is enviably located with within easy reach of numerous restaurants, cafes and entertainment facilities.

RENTS			
Description	Rent pcm (£)	Rent p/w (£)	Status
1 bed apartment	1,300	300	Let agreed
1 bed apartment	1,450	335	On the market
1 bed apartment	1,100	254	Let agreed
2 bed apartment	1,650	381	On the market
2 bed apartment	1,650	381	On the market
2 bed apartment	1,500	346	Let agreed
2 bed apartment	1,550	358	Let agreed
2 bed apartment	1,450	335	Let agreed
2 bed apartment	1,400	323	Let agreed
2 bed apartment	1,500	346	Let agreed
2 bed apartment	1,500	346	Let agreed
SALES			
Description	Sale Price	Price psf (£)	Status
1 bed apartment	285,000	N/A	Sold
1 bed apartment	299,950	N/A	Under offer
2 bed apartment	365,000	N/A	Under offer
2 bed apartment	399,950	531	On the market
2 bed penthouse	550,000	417	On the market
3 bed penthouse	499,950	490	Under offer
3 bed penthouse	650,000	572	On the market





Scheme Name	1 Bed Ap	artment	2 Bed Apartment		3 Bed Apartment	
New England Square, Stroudley Road	Average Rent pcm (£)	N/A	Average Rent pcm (£)	N/A	Average Rent pcm (£)	N/A
	Average Rent p/w (£)	N/A	Average Rent p/w (£)	N/A	Average Rent p/w (£)	N/A
	Average Size (sq ft)	N/A	Average Size (sq ft)	N/A	Average Size (sq ft)	N/A
	Average Rent psf pa (£)	N/A	Average Rent psf pa (£)	N/A	Average Rent psf pa (£)	N/A

Brighton's best connected new development by Hyde Vale. A selection of 1, 2 & 3 bedroom apartments adjacent to Brighton Mainline Railway Station. Exceptionally stylish living with the majority of apartments benefiting from either a balcony or terrace. 53x shared ownership and 94x 100% sale homes.

SALES			
Description	Sale Price	Price psf (£)	Status
2 bed apartment	360,000	472	On the market (SO)
2 bed apartment	340,000	419	On the market (SO)
2 bed apartment	350,000	536	Sold
2 bed apartment	299,950	406	Under offer
2 bed apartment	350,000	474	Under offer
2 bed apartment	350,000	536	Under offer
2 bed apartment	550,000	666	On the market
2 bed apartment	365,000	478	Under offer
3 bed apartment	499,950	490	Under offer
3 bed apartment	825,000	626	On the market
3 bed apartment	650,000	572	On the market





Scheme Name	1 Bed Apartment		2 Bed Apartment		3 Bed Apartment	
Brighton Belle, 2 Stroudley Road, BN1 4ZD	Average Rent pcm (£)	1,225	Average Rent pcm (£)	1,500	Average Rent pcm (£)	N/A
	Average Rent p/w (£)	282	Average Rent p/w (£)	346	Average Rent p/w (£)	N/A
	Average Size (sq ft)	484	Average Size (sq ft)	705	Average Size (sq ft)	N/A
	Average Rent psf pa (£)	27	Average Rent psf pa (£)	26	Average Rent psf pa (£)	N/A

Situated close to Brighton Railway Station, the area is sought after with easy access into the city centre and Brighton's famous North Laines. The scheme features a communal roof gardens with panoramic views of Brighton, the station and sea.

RENTS					
Description	Rent pcm (£)	Rent p/w (£)	Status		
1 bed apartment	1,100	254	Let agreed		
1 bed apartment	1,050	242	On the market		
1 bed apartment	1,450	335	On the market		
1 bed apartment	1,300	300	Let agreed		
2 bed apartment	1,500	346	Let agreed		
2 bed apartment	1,400	323	Let agreed		
2 bed apartment	1,600	369	Let agreed		
2 bed apartment	1,500	346	Let agreed		
2 bed apartment	1,500	346	Let agreed		
2 bed apartment	1,500	346	Let agreed		
2 bed apartment	1,450	335	Let agreed		
2 bed apartment	1,550	358	Let agreed		
SALES					
Description	Sale Price	Price psf (£)	Status		
1 bed apartment	230,000	445	On the market		
1 bed penthouse	315,000	650	On the market		
1 bed penthouse	315,000	650	Sold		
2 bed apartment	310,000	457	Sold		
2 bed apartment	320,000	472	Sold		
2 bed apartment	375,000	536	On the market		

# **Housing Market Report**

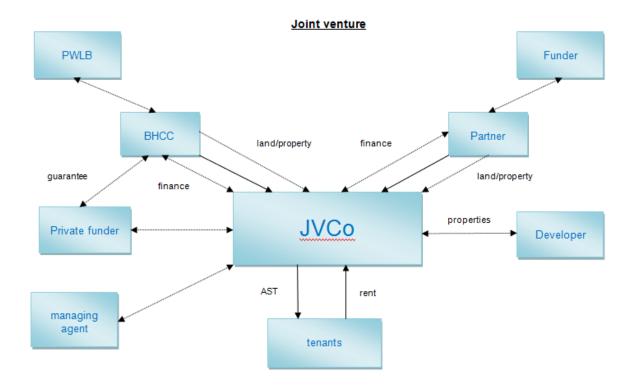


Scheme Name	1 Bed Apartment		2 Bed Apartment		3 Bed Apartment	
	Average Rent pcm (£)	1,025	Average Rent pcm (£)	1,585	Average Rent pcm (£)	1,919
	Average Rent p/w (£)	237	Average Rent p/w (£)	365	Average Rent p/w (£)	442
	Average Size (sq ft)	549	Average Size (sq ft)	872	Average Size (sq ft)	840
	Average Rent psf pa (£)	22	Average Rent psf pa (£)	22	Average Rent psf pa (£)	23

Situated in the centre of Brighton, City Point. Being just a minutes` walk to Brighton Train Station this is an ideal location for commuters & students. Easy access to local amenities. The scheme also benefits from a communal roof terrace and passenger lift.

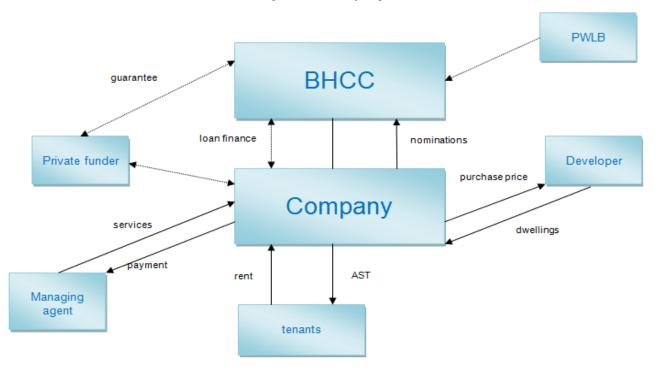
RENTS			
Description	Rent pcm (£)	Rent p/w (£)	Status
1 bed apartment	1,025	237	Let agreed
2 bed apartment	1,725	398	On the market
2 bed apartment	1,700	392	On the market
2 bed apartment	1,200	277	On the market
2 bed apartment	1,950	450	Let agreed
2 bed apartment	1,350	312	On the market
3 bed apartment	1,500	346	Let agreed
3 bed apartment	1,700	392	On the market
3 bed apartment	2,275	525	On the market
3 bed apartment	2,200	508	On the market
RENTS			
Description	Sale Price	Price psf (£)	Status
1 bed apartment	219,000	357	Sold
2 bed apartment	310,000	374	Sold
2 bed apartment	325,000	393	Sold
2 bed apartment	325,000	418	On the market

# Appendix 2 – Structure charts



- 1 JVCo could be LLP if powers available or CLS
- 2 Ownership/profit share in JV to be agreed
- 3 JV parties could put properties in or acquire from third party
- 4 One of JV parties could be managing agent

### Wholly owned company structure



- 1 Assumes BHCC is sole shareholder
- 2 Could be privately financed or Council borrowing and on lending
- 3 Company buying off plan of existing dwellings
- 4 Potentially management could be with Council

# POLICY & RESOURCES COMMITTEE

# Agenda Item 153

**Brighton & Hove City Council** 

Subject: New Homes for Neighbourhoods – Final Scheme Approval

- Selsfield Drive Site - Extract from the Proceedings of the

Housing & New Homes Committee meeting held on 2

March 2016

Date of Meeting: 17 March 2016

Report of: Monitoring Officer

Contact Name: Caroline De Marco Tel: 29-1063

Officer:

E-mail: Caroline.demarco@brighton-hove.gov.uk

Wards East Brighton

Affected:

### FOR GENERAL RELEASE

### Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

**Recommendation:** That the following be referred to the Committee for consideration:

That the Committee approve a budget of £6.875 million for Selsfield Drive in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained Right to Buy capital receipts.

### **BRIGHTON & HOVE CITY COUNCIL**

## HOUSING & NEW HOMES COMMITTEE 2 MARCH 2016

### MAIN MEETING ROOM - THE FRIENDS MEETING HOUSE

**Present**: Councillor Meadows (Chair) Councillors Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Lewry, Miller, Moonan and Phillips.

### **DRAFT MINUTE**

### **PART ONE**

# 70 NEW HOMES FOR NEIGHBOURHOODS - FINAL SCHEME APPROVAL - SELSFIELD DRIVE, BRIGHTON

- 70.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which focused on development proposals for the former Housing Office site at Selsfield Drive, which the City Regeneration Team wished to progress through to planning and construction stage. The initial architectural feasibility studies were carried out by Feilden Clegg Bradley studios (FCB) who tested a number of design options. Their preferred option was set out in paragraph 3.3. The FCB feasibility scheme was handed over to the in-house architectural team in June 2015 to work up into a detailed design. The latest scheme had been further developed to make more efficient use of land to meet the growing housing need in the city and address City Plan housing targets as set out in paragraph 3.4 of the report. If the recommendations were approved, the scheme would be presented to the Planning Committee in April 2016. Work would commence on site in October 2016.
- 70.2 The report was presented by the Project Manager.
- 70.3 Councillor Miller asked if the costs for the scheme were benchmarked and whether there was a national average. He asked at what point the scheme would be considered too expensive. The Programme Manager, City Regeneration explained that the council appointed an independent quantity surveyor who advised if there was value for money. There were ways of delivering the scheme more cheaply; however, the council were delivering a robust, well designed building. This impacted on costs which were higher than general market housing.
- 70.4 Councillor Miller mentioned that he was a member of the Planning Committee and he requested that the recommendations were taken one by one. This request was agreed.
- 70.5 Councillor Miller raised questions in relation to the difference between the total cost and the scheme costs. He referred to recommendation 2.1 (iii) and suggested that this was a matter that could be reported back to the committee. Councillor Miller raised questions

with regard to the break down of estimated costs in the additional information sent to members. The Programme Manager explained that the total scheme costs included everything connected to the scheme such as build costs, labour, a site manager, professional fees for architects and quantity surveyors etc. Officers would report back to the committee through the Targeted Budget Management (TBM) process. The design life was 60 years but was expected to be over 100 years.

- 70.6 Councillor Mears referred to recommendation 2.1 (iii). She stressed that it was important for the committee to have a report on this matter. The council were supposed to be building affordable homes. The costs of this scheme were out of reach of most people on a low income.
- 70.7 The Acting Executive Director Environment, Development & Housing informed Members that in terms of delegations, it was in the gift of the committee to ask for a report to come back. There had been a great deal of feedback from the Committee and the Regeneration Team were listening to these comments. Meanwhile, the team were looking at schemes such as modular build and Y Cube that would supply low cost housing. Selsfield Drive was one of the last of this type of build, and the council would need to look at different delivery models in the future.
- 70.8 Councillor Hill informed members that officers had carried out an excellent consultation on the scheme in her ward. A great deal of thought had gone into the proposals and it was a sensitive design. Councillor Hill expressed concern about misleading reports in the press.
- 70.9 Councillor Gibson thanked officers for their work on the scheme. He considered it to be a great scheme and he was pleased more flats had been added as part of the process. However, he stressed the need to look at lifetime cost/lifetime delivery. The Y Cube could not match those lifetime scales.
- 70.10 Councillor Gibson stated that he would be proposing the following amendment which was seconded by Councillor Phillips as follows:
  - '2.1 iii) delete "for chosen rent model"

Delete 2.1ii) re-number sequentially

Add new clauses

2.1

- iv) That officers investigate adjusting the financial model to take account of the surpluses generated from new homes high rents that will be accrued in years 40 to 60 and that any scope for using this additional income to provide some new homes at target and or intermediate rents be reported to the next Housing & New Homes Committee for a final decision on the rents levels provided by the scheme.
- v) That officers investigate any scope provided by using the capital receipt from the sale of leasehold to the lions/and or cost savings to provide some new homes at target and

- or intermediate rents be reported to the next Housing & New Homes Committee for a final decision on the rent levels provided by the scheme.'
- 70.11 Councillor Gibson stated that it was clear that rents proposed in the scheme were more than double council rents. The amendment did not attempt to change financial parameters.
- 70.12 Councillor Mears expressed concern about amendment iv, which she would not support. Future council committees could be fettered rather than enabled with extra rent supplies. She would be interested in hearing officers' comments on amendment v.
- 70.13 The Chair stated that amendment iv would be loading debt to future generations and fettering future councillors. She called a recess to enable councillors to consider the amendments.
- 70.14 Following the recess Councillor Moonan referred to amendment v. Although she was sympathetic to the idea of using a lump sum of money to reduce rents, she stressed that such pots of money were precious in the current climate. She thought it was important to look strategically to how the council could invest money. Without being able to see what other options or priorities money might be set against, it was difficult to allocate it to one particular area.
- 70.15 Councillor Atkinson stated that there was a risk in delaying the project if the Committee agreed amendment iv. He felt that it was important to move on. It did not prevent the committee from looking at options for future projects.
- 70.16 Councillor Miller considered that shifting borrowing from 40 years to 60 years would be prolonging the housing crisis. He felt that it was not responsible to rob the next generation. He agreed with the intention of the amendment but felt there was a need to lower building costs.
- 70.17 Councillor Phillips commented that if the council wanted to supply affordable housing it was necessary to look at what was on the table now, not what might happen in the future. She felt that there was ample time to amend the finances before the report was presented to the Policy & Resources Committee.
- 70.18 Councillor Mears informed members that she would not support amendment iv. She understood why the amendment had been proposed and acknowledged that the council were not building an affordable scheme; however, it would be necessary to look to future projects that would keep costs down. Councillor Mears considered that amendment v would not be financially practical.
- 70.19 Councillor Gibson stressed that the Committee had a responsibility to investigate the possibility of lowering rents. It was feasible to come back with some ideas. He asked members to consider supporting the amendment. There was a need for living rents/social rents as well as local rents.
- 70.20 The Chair commented that the level of return diminished from year 41 onwards. These homes were built to a high efficiency standard with lower fuel costs. The money from

- the sale of the leasehold to the lions would be better spent in future capital programmes. She had a number of concerns about the amendments.
- 70.21 Councillor Gibson stated that he was suggesting putting money into the capital programme to contribute to build costs, to enable a different rent mix. It was a priority to supply some housing that was affordable. Double the social housing rent was not affordable.
- 70.22 At this point Members voted on whether the amendments could be accepted for the substantive vote. This was agreed by 8 votes with 2 abstentions.
- 70.23 The Committee then voted on the amended recommendations as follows:
  - Amendment 2.1 iv) Members voted by 2 in favour and 8 against. The amended recommendation was therefore not agreed.
  - Amendment 2.1 v) Members voted by 2 in favour and 8 against. The amended recommendation was therefore not agreed.
- . Amendment 2.1 iii) It was agreed that this amendment was no longer relevant.
- 70.24 The Committee then voted on the substantive recommendations set out in the report. Members voted 9 in favour and one abstention for 2.1 (i). The other recommendations were unanimously agreed.

## 70.25 **RESOLVED:-**

- (1) That the Housing and New Homes Committee approve:
  - i. The final scheme design;
  - ii. The scheme rent levels;
  - iii. The estimated levels of additional investment required from the Housing Revenue Account (HRA) for the chosen rent model and delegates authority to the Executive Director of Environment, Development and Housing and the Executive Director of Finance and Resources in consultation with the Estate Regeneration Member Board to agree reasonable amendments to that subsidy if changes arise;
  - iv. That the site of the former Housing Office, Garages and Stores, Selsfield Drive, Brighton is appropriated for planning purposes and the development of new housing.
- (2) That the Housing and New Homes Committee recommend to Policy & Resources Committee to:
  - i. Approve a budget of £6.875 million for Selsfield Drive in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained Right to Buy capital receipts.

# POLICY & RESOURCES COMMITTEE

# Agenda Item 153

**Brighton & Hove City Council** 

Subject: New Homes for Neighbourhoods – Final Scheme

Approval - Selsfield Drive, Brighton

**Date of Meeting:** 2 March 2016 – Housing & New Homes Committee

17 March 2016 - Policy & Resources Committee

Report of: Nick Hibberd Acting Executive Director for

**Environment, Development & Housing** 

Contact Officer: Name: Johanne Thompson Tel: 291466

Email: Jo.thompson@brighton-hove.gov.uk

Ward(s) affected: Hollingdean and Stanmer

### FOR GENERAL RELEASE

## 1. PURPOSE OF REPORT AND POLICY CONTEXT

Building new homes on council land is a council priority and essential if City Plan housing targets are to be met and the city's housing crisis tackled. This report focuses on development proposals for the former Housing Office site at Selsfield Drive, which the team wishes to progress through to planning and construction stage.

### 2. RECOMMENDATIONS:

- 2.1 That the Housing and New Homes Committee approve:
  - i. The final scheme design;
  - ii. The scheme rent levels;
  - iii. The estimated levels of additional investment required from the Housing Revenue Account (HRA) for the chosen rent model and delegates authority to the Executive Director of Environment, Development and Housing and the Executive Director of Finance and Resources in consultation with the Estate Regeneration Member Board to agree reasonable amendments to that subsidy if changes arise;
  - iv. That the site of the former Housing Office, Garages and Stores, Selsfield Drive, Brighton is appropriated for planning purposes and the development of new housing.
- 2.2 That Policy & Resources Committee:
  - v. Approve a budget of £6.875 million for Selsfield Drive in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained Right to Buy capital receipts.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 At its meeting in January 2015, Housing Committee agreed that the Estate Regeneration team, in conjunction with the council's Sustainable Futures strategic construction partnership, undertake a final feasibility study to design and develop new council housing on the site of the former Housing Office in Selsfield Drive, Brighton.
- 3.2 The site is located on Housing Revenue Account land fronting the Lewes Road and encompasses the former Housing office, a car park, an unused resident store and 8 garages. The land slopes steeply to the north of the Lewes Road to join Selsfield Drive which runs parallel to Lewes Road at this location. The site is within the 'Tall Buildings Corridor and Sustainable Transport Corridor' of Lewes Road and is surrounded by residential housing blocks on its eastern and northern boundaries and a community hall and library on its western boundary (see Appendix 1 for Design Briefing Note).
- 3.3 Initial architectural feasibility studies were undertaken by Feilden Clegg Bradley Studios (FCB) who tested a number of design options during early preapplication discussions with planners. The preferred development option emerging at that time comprised:
  - 20 residential units
  - 5 storey building
  - mix of 1, 2 and 3 bedroom apartments
- 3.4 The FCB feasibility scheme was handed over to the in-house architectural team in June 2015 to work up into a detailed design. The latest scheme has been further developed to make more efficient use of land to meet the growing housing need in the city and address City Plan housing targets. The scheme now comprises:
  - 27 residential units (3 of which are wheelchair accessible units)
  - 6 storey building
  - mix of 1, 2 and 3 bedroom apartments
- 3.5 The design takes account of a number of constraints associated with the site including:
  - a Grade A beech tree located to the north-east of the site;
  - an electrical substation located on the south east boundary of the site between two blocks of garages. Wayleave agreements for cables are in place;
  - Moulsecoomb Place, a Brighton University owned Grade II listed building, is located approximately 300m south west of the site;
  - a significant level change of approximately 3.5m between Lewes Road and Selsfield Drive; and
  - a public sewer which crosses the eastern side of the site.

The beech tree and substation will be retained in their current location. However, the public sewer will need to be diverted during the site preparation stage which has been costed as part of the enabling works.

3.6 The design of the apartments meets the council's Affordable Housing Brief, the equivalent of Code for Sustainable Homes Level 4 for water and energy use, HQI standards, lifetime homes standards and wheelchair accessible standards. The proposed 6 storey building is sympathetic to its immediate context whilst also setting the tone for taller buildings in the adjacent sites along this Tall Buildings Corridor. The Lewes Road corridor forms an important gateway into the city from the north. Any tall building in this area (i.e. over 18m or 6 storeys or more in height) should aim to reinforce this gateway image in terms of its architectural style, street presence and its use of materials. That is why the design of the building and its detailing will be extremely important at the pre planning application stage.

## 4. Schedule of accommodation:

### Selsfield Drive - 6 storeys comprising 27 residential flats

• Ground: 2 x 1 bed flat, 3 x 2 bed flats (3 wheelchair accessible)

• First: 1 x 1 bed flat, 3 x 2 bed flats and 1 x 3 bed flat

Second: 4 x 2 bed flats and 1 x 3 bed flat

Third: 2 x 1 bed flats, 2 x 2 bed flats and 1 x 3 bed flat
Four: 1 x 1 bed flat, 1 x 2 bed flat and 2 x 3 bed flats

• Fifth: 3 x 1 bed flat

### 5 MEETING HOUSING NEED

- 5.1 The site will provide affordable rented housing for people on the housing register.
- 5.2 The site will comply with the council's Housing Strategy and Affordable Housing Brief.
- 5.3 The mix of residential units (see Section 4) addresses the need for smaller downsizer accommodation, as well as larger family residential units.
- 5.4 The proposal is for 100% affordable rented accommodation.

### 6. FINANCIAL MODELLING

- 6.1 Housing Committee unanimously agreed at its meeting on 6 March 2013, that a range of funding, rent and home ownership options should be provided in new housing to be developed on HRA land under the Estate Regeneration Programme in order to ensure that development is viable and to increase the number of new homes the Estate Regeneration Programme can deliver. The report indicated the level of Affordable Rents and the impact these higher rents would have on the number of homes the HRA could develop.
- 6.2 Higher rents for new affordable homes will be, to some extent, mitigated by lower fuel bills as homes will be built to higher sustainability standards than our existing stock. Analysis of energy savings related to homes built to sustainability Code

- Level 4 (the minimum for homes planned in the programme) shows that energy bills reduce by between 68% and 86% compared to a traditional home<sup>1</sup>.
- 6.3 Financial modelling of the latest design has been undertaken and the HRA subsidy required has been estimated (see Appendix 1). The proposal is for the scheme to be 100% Affordable Rented homes. The units have been modelled at 80% of market rent level or the Local Housing Allowance (LHA) limit in accordance with the council's Tenancy Strategy. This generally means that rents are set at LHA levels, which are in the region of 60-70% of market rent dependent on the number of bedrooms.
- 6.4 The size and mix of the flats at Selsfield Drive, Brighton is based on the council's Affordable Housing Brief. The modelling includes an allowance for: S106 contributions, achieving equivalent of Code for Sustainable Homes Level 4 for energy and water, site abnormals and external works.
- 6.5 Table 1 identifies unit rent levels capped at Local Housing Allowance levels and the HRA investment requirement after financing this development through net rental income streams over 40 years and the use of Right to Buy capital receipts to fund 30% of total scheme costs, as required by the government.

Table 1

Unit Size – Selsfield Drive	Rent capped at LHA rate per week		
	27 flats		
Rent per 1 bed flat	£153		
Rent per 2 bed flat	£192		
Rent per 3 bed flat	£230		
HRA subsidy per home	£24,667		
Total HRA subsidy requirement	£666,000		

	100%	
	Affordable	
Selsfield Drive	Rents	
	£'000	
Estimated Scheme Costs		
Basic Build costs	3,440	
Site Specific costs (Abnormals, site		
infrastructure, contingencies, prelims,	2,663	
build cost inflation)		
Professional fees	610	
s106 Contributions	162	
Total Estimated Cost	6,875	

http://www.sustainablehomes.co.uk/blog/bid/104136/Code-for-Sustainable-Homes-level-4-energy-billsavings

Funded By:	
HRA borrowing from net rental income stream (40 years) Use of Right to Buy receipts Market Sales	(4,146) (2,063)
Total Funding	(6,209)
HRA Subsidy / (Surplus)	666
HRA Subsidy / (Surplus) per unit	25

6.6 The development costs modelled are still subject to planning approval, assumes that the delivery of the scheme is through the HRA. Thus costs and funding can only be indicative at this stage. Any significant variations to the proposed capital scheme and funding will be reported back to Policy & Resources committee in accordance with council's standard financial procedures. The development timeline is as follows:



### 7. COMMUNITY ENGAGEMENT & CONSULTATION

- 7.1 A wide range of communication and consultation has taken place with residents and other stakeholders for sites included in the New Homes for Neighbourhoods programme including:
  - Briefings and updates forward councillors
  - Presentations and Q&A at local resident association meetings
  - Presentations and stand at tenants' and leaseholders' City Assembly.

In addition, information has been made available on the New Homes for Neighbourhoods page on the council's website and in the council tenants' and leaseholders' newsletter Homing In.

7.2 In the case of the Selsfield Drive site, local ward councillors (Hollingdean & Stanmer) and councillors in Bevendean and Moulsecoomb wards were informed of this potential site for housing before the initial design and viability study was commissioned. Members of the Estate Regeneration team have attended four meetings of the Bates Estate Tenants and Residents Association (BETRA), the

most recent was on 27 January 2016. At these meetings, local residents were updated on the progression of the project and were also shown the latest design concepts for the site emerging from the council's in-house architects.

- 7.3 A drop-in public exhibition for local residents to comment on the final design scheme was held on Saturday 6 February, which the lead architect and other officers attended. The event attracted twenty five residents and/ or community representatives from the local area. As part of this consultation, residents were able to see the latest 3D designs and a fly through of the proposal which was shown on a loop system throughout the day. People who attended were encouraged to complete an open-ended questionnaire to capture their views on the design of the proposed building.
- 7.4 Some residents' questionnaires were submitted at the exhibition, the majority of which were broadly supportive of the proposal for new council homes. Most of these respondents were positive about the design and thought that the building fitted well within the existing context of Bates Estate. Below, is a sample of positive comments extrapolated from the questionnaires:

"This is a fantastic idea to revive the area and sets a precedent for the future of the estate and others".

"I like the look of it. It looks far more like a private sector, thought out and designed block rather than the normal monolithic 'social housing' unit."

"I like the variety of levels, the use of light brick and zinc, the large balconies and the inclusion of 1, 2 and 3 bed flats for integrating community more".

Another respondent thought that the development of the site was a good idea but was concerned for:

"the people who are most effected having their views ruined".

They also felt that:

"...more work should be put into the existing flats on the estate".

- 7.5 Council officers, who have been attending the Bates Estate Tenants and Residents Association (BETRA) meetings, have also logged some of the concerns raised by residents at those meetings. Key issues raised were:
  - Height of development;
  - Impact on daylight sunlight levels of neighbouring blocks; and
  - Parking

A daylight/ sunlight assessment and parking survey have already been commissioned as part of the pre-planning application process, the results of which will be used to inform the results of which will be used to inform the detailed design of the proposed development. A summary of these issues together with the council's response is contained in Appendix 2 of this report.

7.6 All issues and concerns raised during the consultation will be discussed in detail with Planning officers as part of the planning application process, which may result in further iterations in the design of the scheme. The planning application process will also give residents further opportunity to comment on the scheme.

### 8. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 8.1 The financial viability modelling sets out to show whether a given scheme can pay for itself by using the new rental stream only (net of management and maintenance costs) over 40 years to pay for the principal and interest on the borrowing required to fund the development. It also assumes that 30% of the development costs of the affordable housing element are met from retained Right to Buy (RTB) Receipts towards the development. If the rental stream and RTB and sales receipts are insufficient to meet the costs, then a subsidy is required by the HRA.
- 8.2 Financial viability modelling has been carried out, with borrowing over 40 years, which shows that a 100% affordable rent options would require an estimated HRA investment of £666,000, which is £25,000 per affordable unit, as shown in Table 1 of this report.
- 8.3 The recommendations are that approval is given for a budget of £6,875,000 in the Housing Revenue Account Capital programme, which will be funded through HRA borrowing and retained Right to Buy receipts. The development costs have been provided by the council's Sustainable Futures strategic construction partnership. The budget also includes an allowance for associated build cost fees and contingencies and build cost inflation. The development is still subject to planning permission, which can require final scheme design changes which may affect the cost and timetable for development.
- 8.4 Any significant variances to the approved capital programme budget would be reported to the Policy & Resources Committee in accordance with the council's standard financial procedures.

Finance Officer Consulted: Susie Allen Date: 4/02/16

## Legal Implications:

- 8.5 It is intended that the Council's strategic partnership agreement will be used for the final design, construction and development for the proposed scheme. The Council's contract standing orders require that authority to enter into any contracts valued at £500,000 or more be obtained from the relevant committee.
- 8.6 The Town and Country Planning Act 1990 (TCPA1990) allows local authorities to appropriate land for planning purposes. Under sections 226 and 227 a local authority can appropriate land "if the authority think that the acquisition will facilitate the carrying out of a development, redevelopment or improvement on or in relation to the land" (section 226(1)(a) TCPA1990).

- 8.7 Appropriating land gives various powers to local authorities to override easements and other rights in land including rights to light over land that has been appropriated for planning purposes under section 237(1) and (1A) TCPA1990.
- 8.8 The owner of any such third party right will have a claim for compensation which will be assessed on the basis of the loss in value of the claimant's land as a consequence of the interference or breach (s237(4) TCPA1990).

Lawyer Consulted: Liz Woodley Date: 09/02/16

## **Equalities Implications:**

- 8.9 An increase in housing supply will expand the provision of new, well designed homes to local households registered in need. New development and renovation provides an opportunity to better meet the needs of particularly vulnerable households including those, such as existing elderly residents, who may be under occupying their current home.
- 8.10 The proposals include six fully accessible wheelchair adapted homes with 9 additional flats meeting mobility ratings 1-3.

# **Sustainability Implications:**

- 8.11 The new homes will be built to the equivalent of Code for Sustainable Homes Level 4 for water and energy use. The council will also integrate Solar Photo Voltaic systems wherever possible into their new homes, which will also be built to Lifetime Homes space standards.
- 8.12 The new homes will encourage a sustainable lifestyle through the inclusion of the following measures:
  - Providing secure cycle storage
  - Incorporating water saving and re-use measures
  - Short distance re-cycling communal bins

# **Crime & Disorder Implications:**

8.13 The redevelopment of the Selsfield Drive former Housing Office site into new, well-designed homes will provide a catalyst for the wider regeneration of the Bates Estate. The provision of good quality housing has been demonstrated to influence the rate of crime and disorder and improve the quality of life for residents.

# Risk and Opportunity Management Implications:

- 8.14 There are a number of risks and opportunities associated with developing new homes including:
  - Increases in construction and other costs
  - Impact of the right to buy
  - Local resident opposition to individual schemes

### Public Health Implications:

8.15 There is a strong correlation between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat will help to improve the quality of life and health of residents occupying the new development.

## Corporate / Citywide Implications:

- 8.16 As reported in the Housing Revenue Account Capital Programme 2013-2016 considered by the Housing Committee on 16 January 2013, the development of new housing has a strong economic multiplier impact on the local economy, estimated at over £3 of economic output for every £1 of public investment, creating jobs and supply chain opportunities.
- 8.17 Partners will be asked to work with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided for local people.

# **SUPPORTING DOCUMENTATION**

# **Appendix One:**

**Design Briefing Note** 

# **Appendix Two:**

Summary of issues raised at BETRA meeting

# **Background Documents**

- 1. Housing Committee Access to housing services report 13 Nov 2013
- 2. Housing Committee New Homes for Neighbourhoods report Jan 2015



# Introduction

The proposed scheme consists of 27 flats accommodated on the site of the former local housing office at Selsfield Drive / Lewes Road. Demolition of existing buildings and garages on site is required to facilitate development.

The 27 flats are a mixture of 1, 2 and 3 bedroom homes, provided in a single building of six storeys in height. On-site parking for 9 cars (3 wheelchair accessible) is provided.

- Nine 1-bedroom flats
- Thirteen 2-bedroom flats Three of which are wheelchair accessible
- Five 3-bedroom flats

All of the units are in line with Brighton & Hove Affordable Housing Policy as a minimum, and in many cases the homes are larger than this minimum. Wheelchair accessible flats will comply with the latest Building Regulations Part M 4(3) and all others will comply with Part M 4(2).



**Existing Site - Aerial view** 



**View South down Lewes Road** 



**View North up Lewes Road** 



View South down Selsfield Drive



# **Site Context**



Contextual View of Proposed Building-looking along Lewes Rd towards the south west

The Selsfield Drive Site is located approximately 3.5km North of Brighton City Centre along the North/West boundary of Lewes Road. The site currently is Housing Revenue Land (HRA) and includes an existing Housing Office, an adjacent, unused resident store, 8 garages and an electrical substation. Part of Selsfield Drive sits within the site boundary.

The site fronts onto Lewes Road along its South/East boundary and is flanked by existing housing blocks to the North/West (25-38 Selsfield Drive) and East (19-24 Selsfield Drive). The west boundary line follows along the back of the row of existing garages which sit within the site boundary and a temporary traffic restriction order (TRO) will be required to facilitate construction. An existing community hall and library are adjacent to the site on the west.

The site slopes steeply from Lewes Road up to meet Selsfield Drive and continues sloping up north beyond the site up to the railway line- providing a built up backdrop to the proposed building and lessening the relative height of the building from Selsfield Dr. Ground floor level of existing neighbouring housing on opposite side of Selsfield Drive being approximately level with First floor level of the proposed block.

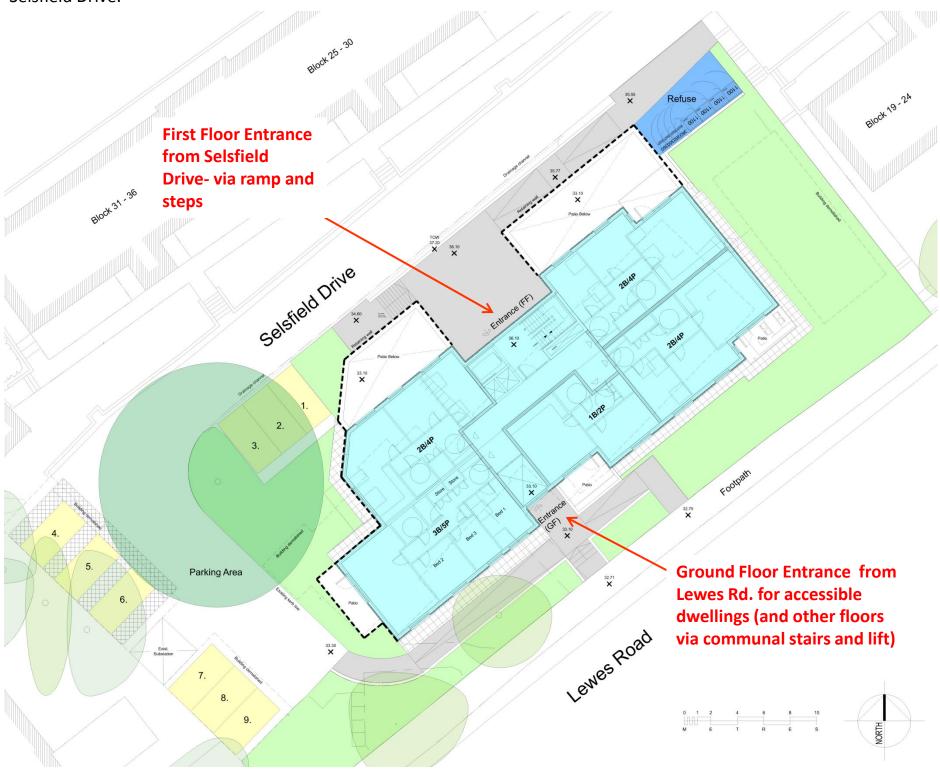


# **Proposed Site Plan**

The main entrance is at first floor level on Selsfield Drive which also provides vehicular access onto the site. Direct access to the ground floor is also available via the Lewes Road entrance, which will contain all of the wheelchair accessible dwellings. Selsfield Drive road line remains as does the public footpath (stepped) to side of Block 19-24 Selsfield Drive.

The existing Grade A Beech tree and Grade B Elm tree are protected and retained.

Parking will be located to the South West of the building, utilising 3 spaces from the existing parking, with an additional 6 spaces gained from the demolition of the existing garages. A footpath will connect the parking area to the ground floor entrance running parallel with Lewes Road. On-site parking is limited and we may, subject to the outcome of an ongoing Traffic Consultant assessment, consider options to provide additional parking spaces immediately off-site further along Selsfield Drive.



**First Floor Plan in Context** 



# **Block Layout and Accommodation Schedule**

The council's Affordable Housing Brief states that for the City as a whole the preferred affordable housing mix in terms of unit size and type to be achieved is:

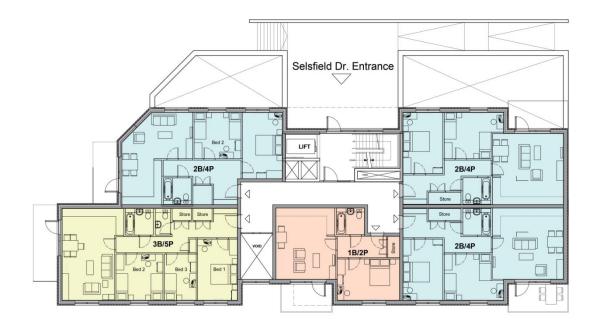
- 30% one bedroom units;
- 45% two bedroom units;
- 25% three + bedrooms.

The current design achieves close to these percentages, providing 33% one bedroom units, 48% two bedroom units and 19% three bedroom units. Three of these units will be wheelchair accessible (in line with Building Regulations Part M4/3). All other units will conform to Building Regulations Part M4/2.

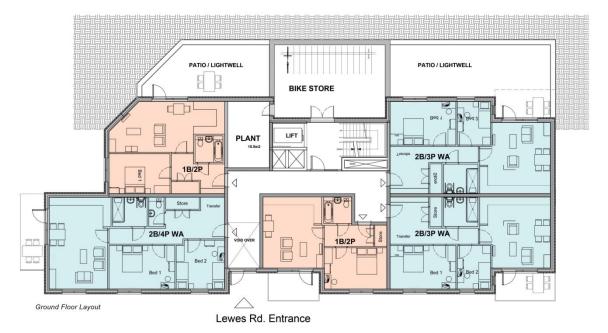
Each of the dwellings provide private outdoor space, in the form of either a patio garden, balcony or roof terrace.

The building footprint reduces as upper levels- providing stepped and setback elevations to mitigate the effect of additional height on neighbouring properties and to better integrate the building in the existing urban context.

First Floor Plan

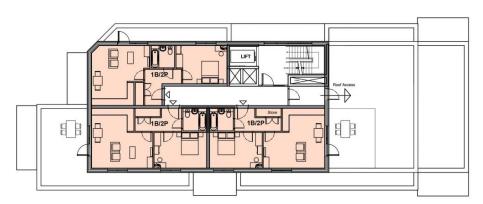


**Ground Floor Plan** 

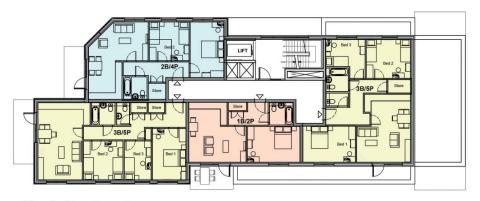




# **Block Layout and Accommodation Schedule**



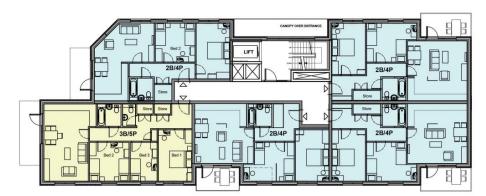
Fifth Floor Layout



Fourth Floor Layout



Third Floor Layout



Second Floor Layout

# Accommodation Schedule BHCC - 6 storey

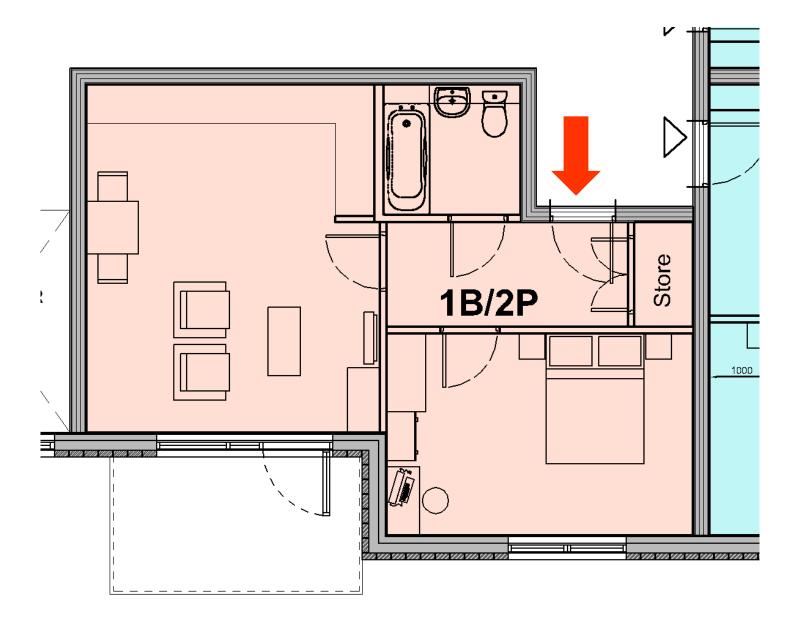
	1B 2P	2B 4P	3B 5P	Dwellings	GIA m2		
GROUND FLOOR	2	1 x 2b4p WA 2 x 2b3p WA	1	5	506m2		
FIRST FLOOR	1	3	1	5	456m2		
SECOND FLOOR	í	4	1	5	460m2		
THIRD FLOOR	2	2	1	5	411m2		
FOURTH FLOOR	1	1	2	4	375m2		
FIFTH FLOOR	3	-	-	3	211m2		
TOTAL	9 (33%)	13 (48%)	5 (19%)	27	2419m2		
	10% min of Affordable Housing will require to be Wheelchair Accessible 2x 2B/3P Wheelchair Acc and 1x 2B/4P Wheelchair Acc provided on Grd Floor						
Density	SITE AREA 2040m2 (0.2040 Hectares) 27 Units on 0.2040Ha: Site Density = 132 Units per Hectare						



# **Internal Design of Flats**

Typical One-Bedroom Two-Person Flat – 51.5m<sup>2</sup> (plus 8m<sup>2</sup> patio space or balcony at upper levels) Ground and First floors.

The flat is single aspect and enjoys a private external amenity space.



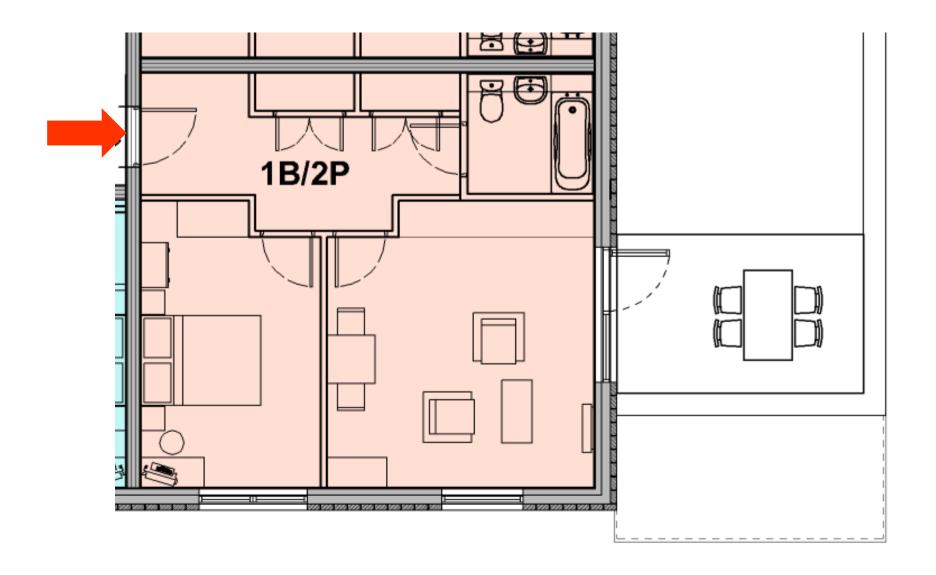
**One Bedroom Two Person Flat** 



# **Internal Design of Flats**

Typical One-Bedroom Two-Person Flat – 52m² (plus 10m² roof terrace space) Third floor.

The flat is dual aspect and enjoys a private external amenity space.



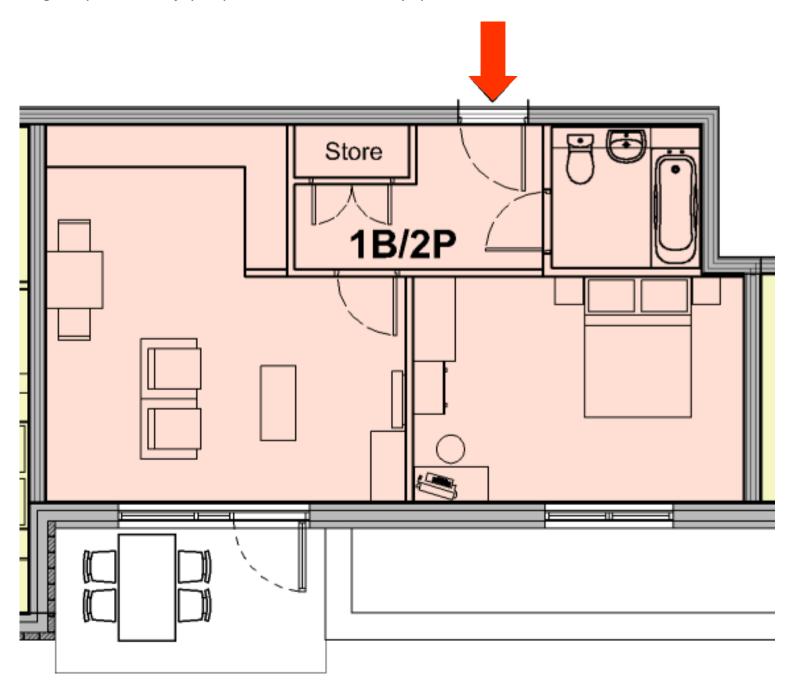
**One Bedroom Two Person Flat** 



# **Internal Design of Flats**

Typical One-Bedroom Two-Person Flat – 51.5m<sup>2</sup> (plus 8m<sup>2</sup> balcony space or roof terrace at upper level) Fourth and Fifth floors.

The flat is single aspect and enjoys a private external amenity space.



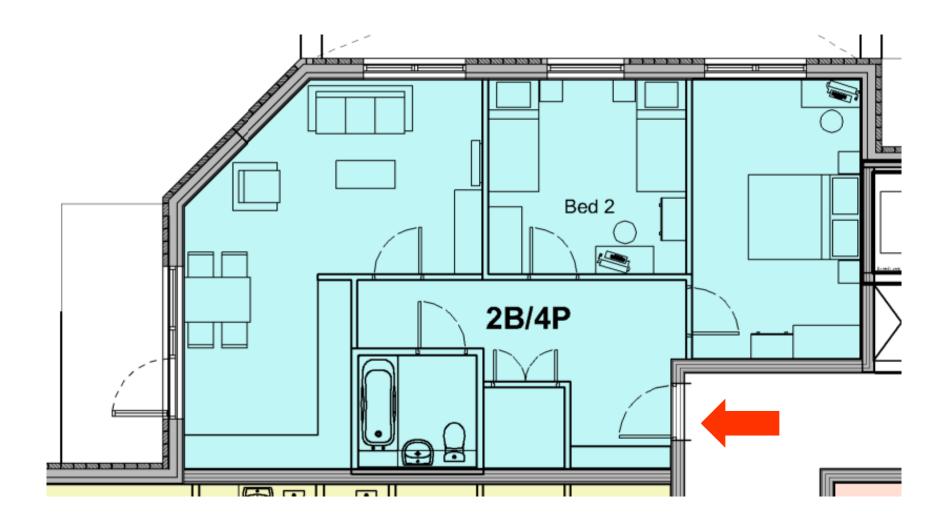
**One Bedroom Two Person Flat** 



# **Internal Design of Flats**

Typical Two-Bedroom Four-Person Typical Flat – 75m<sup>2</sup> (plus 8m<sup>2</sup> balcony space) First, Second, Third and Fourth Floor

The flat is dual aspect and enjoys a private external amenity space.



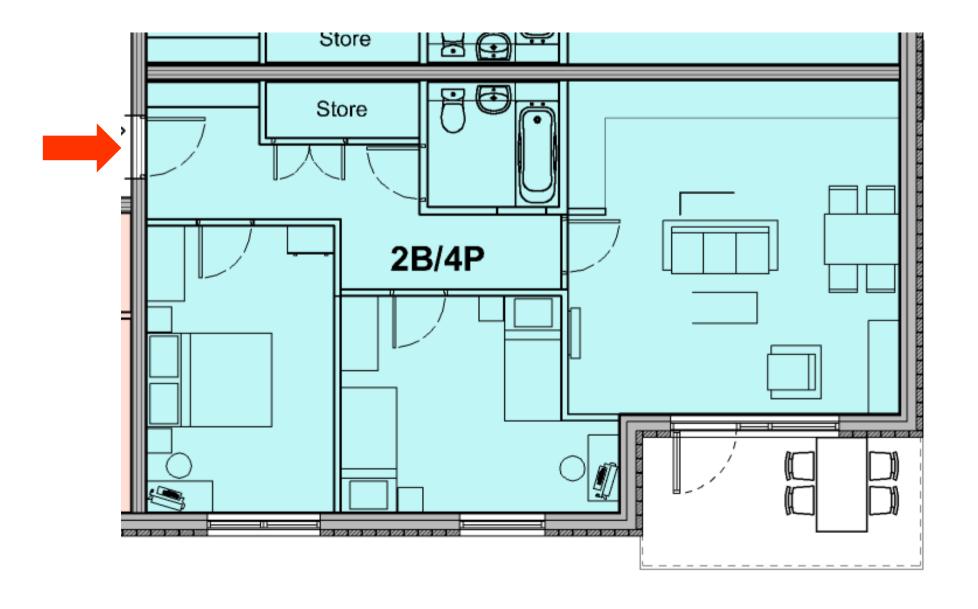
**Two Bedroom Four Person Flat** 



# **Internal Design of Flats**

Typical Two-Bedroom Four-Person Typical Flat – 74m<sup>2</sup> (plus 9m<sup>2</sup> balcony space) First and Second Floor

The flat is single aspect and enjoys a private external amenity space.



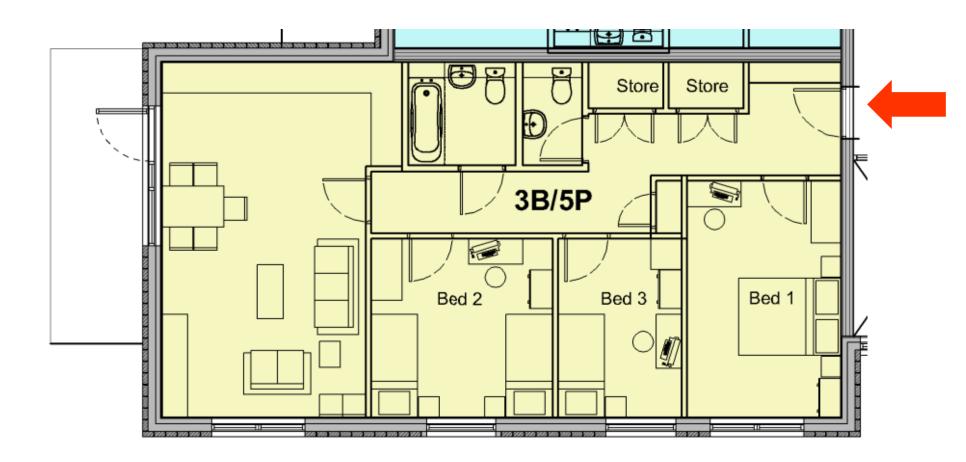
**Two Bedroom Four Person Flat** 



# **Internal Design of Flats**

Typical Three-Bedroom Five-Person Flat – 90m<sup>2</sup> (plus 10m<sup>2</sup> balcony space) First, Second, Third and Fourth Floor

The flat is dual aspect and enjoys a private external amenity space.



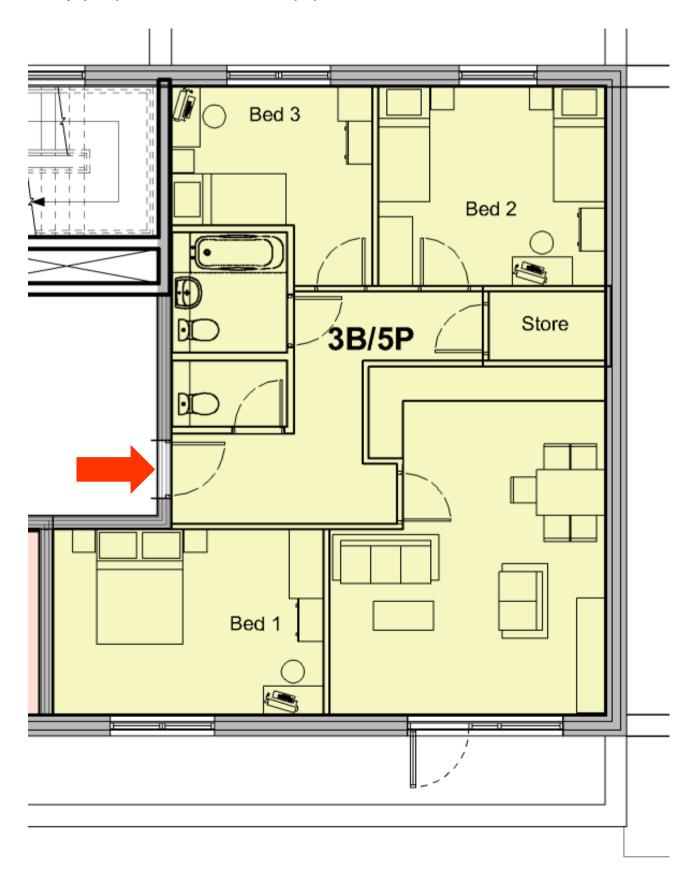
**Three Bedroom Five Person Flat** 



# **Internal Design of Flats**

Typical Three-Bedroom Five-Person Flat – 89m² (plus 10m² roof terrace space) Fourth Floor

The flat is dual aspect and enjoys a private external amenity space.



**Three Bedroom Five Person Flat** 

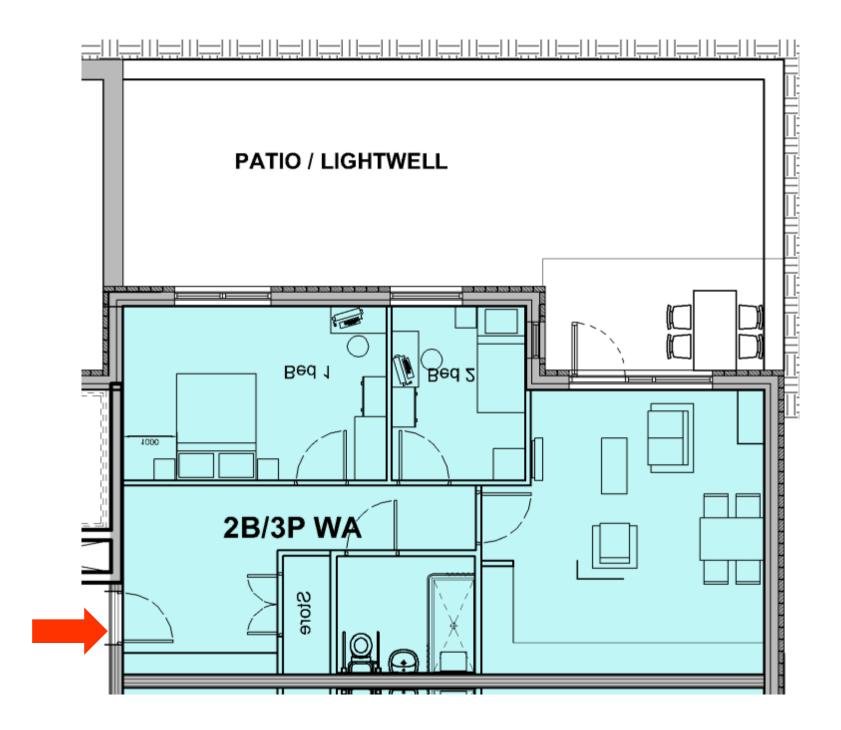


# **Internal Design of Flats**

Two-Bedroom Three-Person Wheelchair Accessible Flat – 76.5m² (plus 53.5m² patio space in sunken courtyard) Ground floor

The wheelchair accessible two bed flat is currently being reviewed by the council's Housing Adaptations Service to ensure the floor area and layout is in line with their requirements.

The flat enjoys a large private external amenity space.



**Two Bedroom Three Person Accessible Flat** 

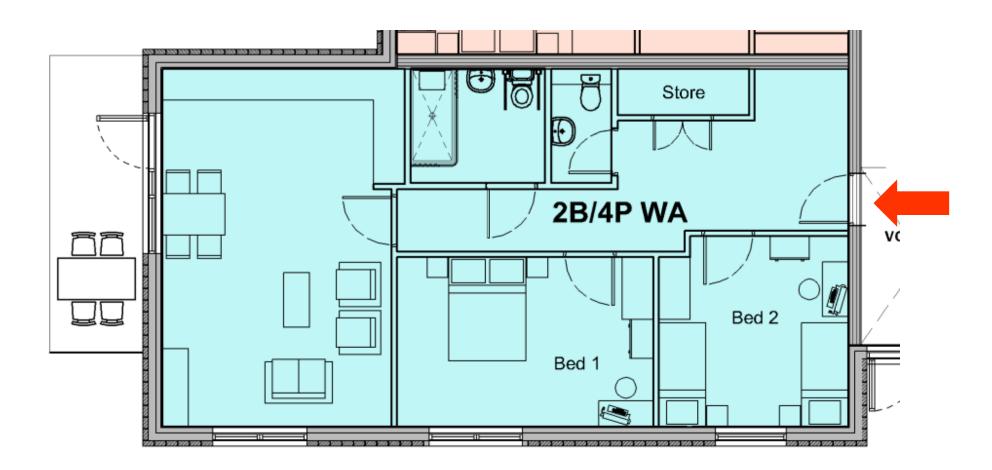


# **Internal Design of Flats**

Two-Bedroom Four-Person Wheelchair Accessible Flat – 90m² (plus 10m² patio space) Ground floor

The wheelchair accessible two bed flat is currently being reviewed by the council's Housing Adaptations Service to ensure the floor area and layout is in line with their requirements.

The flat is dual aspect and enjoys a private external amenity space.



**Two Bedroom Four Person Accessible Flat** 



# **Massing in Context**



Contextual View of Proposed Building-looking along Lewes Rd towards the north.

Lewes Road comprises of buildings of varying heights and scale. Housing on the south side of Lewes Road are two storeys brick buildings with pitched roofs while the university buildings less than 0.2miles away are 9 storeys high. Moulsecomb Place, which is set back within a green space, is a 2 storey historic building. Housing on the Bates Estate immediately neighbouring the site is predominantly comprised of 3 storey brick buildings with pitched roofs- rising steeply with the topography of the valley side away from the site up towards the north/west.



View from Lewes Road approach – looking North.



# **Massing in Context**



View looking north west over Lewes Road



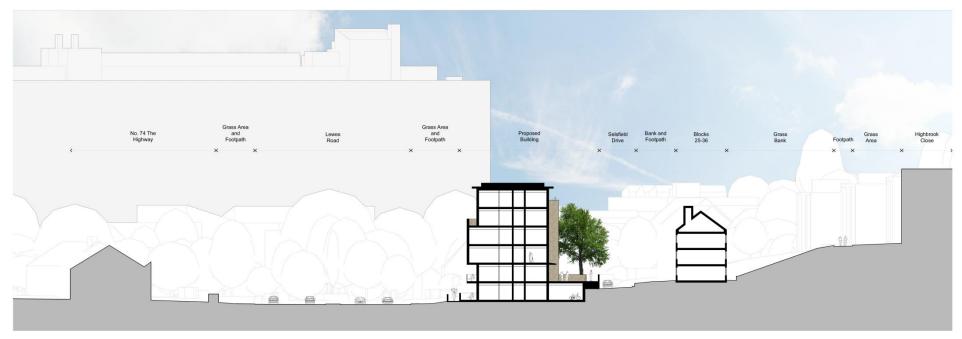
View looking south along Selsfield Drive

The proposed 6 storey building is sympathetic to its immediate context whilst also setting the tone for taller buildings in the adjacent sites along this tall building corridor. With the top floor set in from the floors below and clad in a darker material, the massing itself will have less of a visual impact.

Through keeping to the existing building line along Lewes Road the scheme retains a respectful presence to the existing wider context and by adopting a simple palette of high quality materials and confident ordering of elevational treatment it establishes a strong presence on the Lewes Road.



# **Contextual Section and Elevations**



Section though site- new building set at low ground floor level relative to buildings immediately behind and to the general topography of the Bates Estate rising up the valley side.



West Elevation - presenting up to 5 storeys on Selsfield Drive



East Elevation - presenting up to 6 storeys on Lewes Road



# **Materials**

The proposed building and palette of materials has been carefully considered in relation to the existing buildings.

The main external wall material is proposed to be predominantly clad in a buff stock facing brick with the top floor, part of the fourth floor and the stairwell clad in a seamed zinc material to provide a break in the massing and to reduce the visual impact of the upper storeys.

Light profile metal balustrades to the balconies and roof terraces will allow light to pass through. The outdoor spaces will be predominantly inset to the building to improve privacy, with an aluminium fascia board to compliment the cladding. Aluminium windows, with a strong vertical inclination, will provide relief to the external elevations whilst supply a great quality of light to the internal spaces.



West Elevation - facing Selsfield Drive

### **Materials Palette**

- 1. Buff Multi Brickwork
- 2. Zinc Seamed Cladding
- 3. Iron Balustrades
- 4. Aluminium Facia Board
- 5. Aluminium Windows



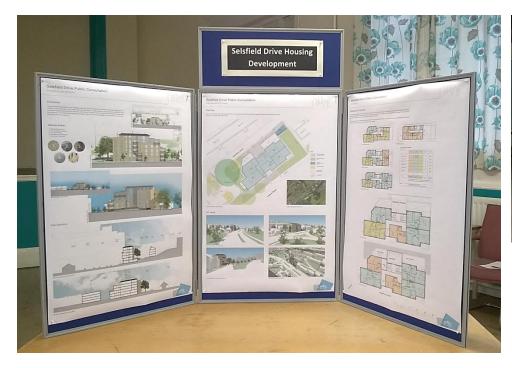


East Elevation – facing Lewes Road

# Brighton & Hove City Council Housing Committee Briefing March 2016 **Selsfield Drive**



## **Public Consultation**





The Selsfield Drive site proposal went to public consultation on the  $6^{th}$  February 2016 with a drop-in session held at Moulsecoobe Hall 10.00am – 3.00pm



## Appendix 2

## **Bates Estate Tenants and Residents Association**

## **General Meeting – Wed 9 September 2015, Moulsecoomb Hall**

**Attendance:** Peter Togneri (BHCC, Architect), Jo Thompson (BHCC, Project Manager), Terrence Hill (Chair of BETRA), 3 other BETRA Committee members, Caroline Penn (Ward Councillor) and approximately 6 local residents (some of whom were from 25-30 and 31-36 Selsfield Drive)

## Summary of issues raised by residents at the meeting concerning the Selsfield Drive Housing scheme

Issues raised	Response
Extent of consultation with residents on Feasibility Study development.	The council's Estate Regeneration Team commissioned Fielden Clegg Bradley Studio (Architects) to undertake a Feasibility Study which would explore a number of development options for the former Housing Office site in Selsfield Drive. The results of this initial Feasibility study were shared with ward councillors and BETRA at two of its meetings held on 12 February 2014 and 3 December 2014. At these meetings, BETRA members and local residents were updated on the progression of the project and were also shown the initial design concepts for the site, emerging from the architects. It was never intended to carry out a formal consultation with residents at this stage because Housing Committee Members may have decided to have withdrawn their interest in the site. It is only at the <b>detailed design stage</b> that residents, tenants associations, ward councillors etc. are formally consulted.
Site selection/ justification - is it the right site? Has the neighbouring Library and Community Hall been considered as a potential development site?	The council are looking at all potential development sites in the city and continue to review our land and buildings for potential opportunities to build much needed homes. We do not have current plans to redevelop the library and community hall. However, the new homes on the former housing office site will be built to fit with any future development in the vicinity of the site.

Issues raised	Response
	The New Homes for Neighbourhoods Programme is the council's programme for building much needed homes on council land, as well as bringing about the wider regeneration of council estates in Brighton and Hove. Following the closure of the Housing Office, Housing Committee agreed that the site would be used to develop new homes. Given the current scale of the housing crisis, it is important that Housing owned sites like Selsfield, which are in need of regeneration are brought forward as quickly as possible into our house building programme in order to meet our target of building at least 500 new council homes across the city.
Concerns raised relating to the condition of the environment and housing stock of the existing Bates Estate. Are we being forgotten in this? Are we being hidden behind new development?	The council is currently undertaking an Asset Review of its Council Estates across the city. This review will be assessing which estates are a priority for investment and improvement. The Bates Estate will be part of this process and is definitely not forgotten. The council has an ongoing programme of capital works and improvements to existing council homes, which is £31 million for this year alone.
Has the council considered improving and/or replacing the existing housing stock on Bates Estate before spending money on new development?	The council is committed to improving its existing stock of council housing as well as building new homes to meet the acute housing shortage in the city. Expenditure on our New Homes for Neighbourhoods programme (approx. £11.8M per annum) represents approximately a third of our current expenditure on capital works and improvements to the existing stock (approx. £31M for 2015/16).
Immediate neighbours raised concerns over perceived impact on daylight/ sunlight and loss of views.	The preferred design option emerging from the Feasibility Study used the change in levels (varying between 2- 2.6 meters from Lewes Road to Selsfield Drive) to minimise the impact on daylight and sunlight levels in neighbouring blocks. This reduced the height of the proposed development by the equivalent of almost one storey at the rear of the site. A Daylight and Sunlight Assessment will be undertaken as part of the detailed design stage and will inform any changes to the design of the scheme prior to the submission of the planning application.
Could the new development be restricted to 3 storeys?	Restricting the development to three storeys would significantly reduce the number of units which we can get on the site and would make the scheme unviable to build. It is important to remember that a 3 storey building will be equivalent to 2 storeys at the rear of the site on Selsfield Drive, which is less than the existing three storey blocks that surround the site. Since leaving the site vacant is not an option during these times of acute housing need, a compromise will need to be struck between the height of

Issues raised	Response
	development and the number of units.
Noted that existing Beech Tree T44 is to be retained. Some residents attending the meeting expressed concern that this tree currently blocks light and voiced their desire to see its canopy reduced.	The beech tree has been identified as a Grade A category tree in a survey carried out by consultants at the Feasibility Stage.  Category A: Retention most desirable. Of high quality and value and in such a condition as to be able to make a substantial contribution to the landscape (minimum of 40 years is suggested).  The council's Arboriculturist agrees with this assessment and has stipulated the retention of this tree in any future redevelopment of the site. However, if residents believe that the tree is blocking light they can submit an application for a crown reduction of the tree which will be assessed by the council's Arboricultural Team.
Parking - some residents were concerned about the proposed demolition of garages? What would replace them? Why not retain them and continue to generate a rental income from them?	The proposed demolition of garages is intended to make more efficient use of the existing site. It will allow for surface parking to increase parking provision in the area. The loss of rental income from the garages has been taken account of in the business case for the scheme. The rental income from new housing units far outweighs that generated from the garages.
Residents were convinced that the development of the site was going to happen anyway, no matter what they say.	Following, the closure of the housing office, Housing Committee agreed that the site would be redeveloped for much needed new homes. Residents will have the opportunity to input into the design process and lodge objections to the planning application if they have concerns about the proposed scheme.
Residents wanted to know whether they can petition against development proposals for the site?	We would seek to avoid this happening by consulting and listening to the concerns of residents at the detailed design stage. However, if residents were not happy with the outcome then they would be able to petition against the development proposals at Housing Committee and Planning Committee.

## POLICY & RESOURCES COMMITTEE

## Agenda Item 154

**Brighton & Hove City Council** 

Subject: New Homes for Neighbourhoods – Final Scheme Approval

 Wellsbourne Whitehawk – Extract from the Proceedings of the Housing & New Homes Committee meeting held on 2

March 2016

Date of Meeting: 17 March 2016

Report of: Monitoring Officer

Contact Name: Caroline De Marco Tel: 29-1063

Officer:

E-mail: Caroline.demarco@brighton-hove.gov.uk

Wards East Brighton

Affected:

#### FOR GENERAL RELEASE

### Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

**Recommendation:** That the following be referred to the Committee for consideration:

- (1) That the Policy and Resources Committee be recommended to:
  - i. Approve that the land at Wellsbourne is appropriated to the HRA for a capital receipt of £360,000 for planning purposes and the development of new housing.
  - ii. Approve a budget of £7.077m for the Wellsbourne scheme in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained right-to-buy capital receipts.

#### **BRIGHTON & HOVE CITY COUNCIL**

### HOUSING & NEW HOMES COMMITTEE 2 MARCH 2016

### MAIN MEETING ROOM - THE FRIENDS MEETING HOUSE

**Present**: Councillor Meadows (Chair) Councillors Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Lewry, Miller, Moonan and Phillips.

#### **DRAFT MINUTE**

### **PART ONE**

- 71 NEW HOMES FOR NEIGHBOURHOODS FINAL SCHEME APPROVAL WELLSBOURNE, WHITEHAWK
- 71.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which focused on development proposals for the site at Wellsbourne, Whitehawk, which the City Regeneration team wished to progress through to planning and construction stage. Initial architectural feasibility studies were undertaken by Feilden Clegg Bradley studios (FCB). The scheme was handed over to the in-house architectural scheme in October 2015. The proposal was for a 29 unit (1,2, and 3 bed) three/four storey scheme that fitted comfortably below the Whitehawk Hub and new library and the context of the Whitehawk Valley. If the proposals were agreed the scheme would be presented to the Planning Committee in July 2016.
- 71.2 The report was presented by the Programme Manager, City Regeneration Unit.
- 71.3 Councillor Mears supported the scheme but questioned the way it was being financed. She asked if the council was getting value for money and wanted to know what had been paid in and out of the general fund. The Programme Manager explained that the sites had been marketed to assess their value. The Principal Accountant explained that the general fund would receive receipts from the Housing Revenue Account.
- 71.4 The Chair welcomed the scheme. It was a sensitive build, residents were supportive and wheelchair accessible homes would be included in the scheme.
- 71.5 Councillor Gibson stated that he would like to see more affordable rents explored. He proposed the following amendment which was seconded by Councillor Phillips as follows:
  - '2.1 iii) delete "for chosen rent model"
  - Delete 2.1ii) re-number sequentially

#### Add new clauses

#### 2.1

- iii) That officers investigate adjusting the financial model to take account of the surpluses generated from new homes high rents that will be accrued in years 40 to 60 and that any scope for using this additional income to provide some new homes at target and or intermediate rents be reported to the next Housing & New Homes Committee for a final decision on the rents levels provided by the scheme.
- iv) That officers investigate any scope provided by using the capital receipt from the sale of leasehold to the lions/and or cost savings to provide some new homes at target and or intermediate rents be reported to the next Housing & New Homes Committee for a final decision on the rent levels provided by the scheme.'
- 71.6 The Committee then voted on the amended recommendations. Members voted by 2 votes in favour and 8 against. The amended recommendations were therefore not agreed.
- 71.7 The Committee then voted on the recommendations set out in the report. Members voted 9 in favour and one abstention for 2.1 (i). The other recommendations were unanimously agreed.

#### 71.8 **RESOLVED:-**

- (1) That the Housing and New Homes Committee approves:
  - iii. The final design.
  - iv. The scheme rent levels.
  - v. The estimated levels of additional investment required from the Housing Revenue Account (HRA) for the chosen rent model and delegates authority to the Executive Director of Environment, Development and Housing and the Executive Director of Finance and Resources in consultation with the Estate Regeneration Member Board to agree reasonable amendments to that subsidy if changes arise.
- (2) That the Housing and New Homes Committee recommends to Policy and Resources Committee to:
  - vi. Approve that the land at Wellsbourne is appropriated to the HRA for a capital receipt of £360,000 for planning purposes and the development of new housing.
  - vii. Approve a budget of £7.077m for the Wellsbourne scheme in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained right-to-buy capital receipts.

## POLICY & RESOURCES COMMITTEE

## Agenda Item 154

**Brighton & Hove City Council** 

Subject: New Homes for Neighbourhoods – Final Scheme

Approval - Wellsbourne, Whitehawk

**Date of Meeting:** 2 March 2016 – Housing & New Homes Committee

17 March 2016 - Policy & Resources Committee

Report of: Nick Hibberd Acting Executive Director for

**Environment, Development & Housing** 

Contact Officer: Name: Jaine Jolly Tel: 290356

Email: jaine.jolly@brighton-hove.gov.uk

Ward(s) affected: East Brighton

#### FOR GENERAL RELEASE

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

Building new homes on council land is a council priority and essential if City Plan housing targets are to be met and the city's housing crisis tackled. This report focuses on development proposals for the site at Wellsbourne, Whitehawk. The team now wishes to progress through planning and construction stages.

#### 2. RECOMMENDATIONS:

- 2.1 That the Housing and New Homes Committee approves:
  - i. The final design.
  - ii. The scheme rent levels.
  - iii. The estimated levels of additional investment required from the Housing Revenue Account (HRA) for the chosen rent model and delegates authority to the Executive Director of Environment, Development and Housing and the Executive Director of Finance and Resources in consultation with the Estate Regeneration Member Board to agree reasonable amendments to that subsidy if changes arise.
- 2.2 That Policy and Resources Committee:
  - iv. Approve that the land at Wellsbourne is appropriated to the HRA for a capital receipt of £360,000 for planning purposes and the development of new housing.
  - v. Approve a budget of £7.077m for the Wellsbourne scheme in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained right-to-buy capital receipts.

#### 3. CONTEXT & BACKGROUND INFORMATION

- 3.1 A reported titled 'New Homes for Neighbourhood- development of new homes on General Fund land' was presented to Housing Committee in November 2014 with the approved recommendation that the initial design and viability modelling be noted and that it be recommended to Policy & Resources Committee that they agree in principle that each of the sites (Former Library Site, Whitehawk Road and Wellsbourne) were appropriated to the HRA for the development of new housing, subject to Housing and Policy & Resources Committees agreeing a further report detailing the final feasibility and design and associated financial implications.
- 3.2 It was also agreed that the Estate Regeneration Team, in conjunction with the council's Sustainable Futures strategic construction partnership, undertake final feasibility studies, consultation, design and development of new housing on the site.
- 3.3 In December 2014 Policy & Resources Committee agreed in principle that sites were appropriated to the Housing Revenue Account for a capital receipt of £1.3 million for planning purposes and for the development of new housing, subject to Housing and Policy & Resources Committee agreeing a further report detailing final feasibility and design and associated financial implications.
- 3.4 This committee agreed on 17 June 2015 that the land at Findon Road, former Whitehawk library site could be appropriated to the HRA for a capital receipt of £0.940 million for planning purposes and the development of new housing and that the final design and financial viability modelling for the Wellsbourne site would be reported back at a later date.
- 3.5 The Wellsbourne site used to form part of Whitehawk Infants School, but was declared surplus several years ago. The site, which included a 1930's built school block was leased to EB4U (a regeneration vehicle which had funding through New Deal for Communities) for 25 years to use as offices).
- 3.6 EB4U had plans to develop the site, but eventually surrendered it back to the council. The council built the Roundabout Children's Centre on part of the site and leased another part on a long lease to a developer who built a GP surgery. The eastern part of the site was more recently developed as The Hub which accommodates a range of council services including a new library and cafe that opened in July 2011. There is one development plot that remains undeveloped the Wellsbourne site.
- 3.7 The capital receipt required for the Wellsbourne site is £0.360 million, being the final portion of the total capital receipt of £1.3 million required for the land at both Wellsbourne and Findon Road sites.
- 3.8 Initial architectural feasibility studies were undertaken by Feilden Clegg Bradley Studios (FCB). The scheme was handed over to the in-house architectural team in October 2015.
- 3.9 The proposal is for a 29 unit (1, 2 and 3 bed) three/four storey scheme that fits comfortably below the Whitehawk Hub and new library and the context of the Whitehawk valley. The eastern building looks out over the pedestrian walkway and the front entrance of the Whitehawk Hub and library, enhancing security.

- 3.10 There is on-site parking provision to relieve parking pressure in Whitehawk Road and natural surveillance over the area and adjacent path. Initial Planning comment has been favourable and the scheme has been designed to retain existing protected trees.
- 3.11 The design includes 3 wheelchair accessible properties, high sustainability standards and meets Lifetime Homes standards.
- 3.12 The scheme includes updated Part M (4) space and other standards which include the provision of a lift in each block
- 3.13 This development brings the opportunity to regenerate the immediate area.

#### 4. SCHEDULE OF ACCOMMODATION

#### 4.1 Breakdown

- 9 x 1 bed (2p) flats
- 13 x 2 bed (4p) flats
- 7 x 3 bed (5p) flats

### 4.2 West block – (3 storeys – 11 flats)

Ground: 1 x 1 bed flat (2p) & 2 x 2 bed (4p) flats.
First: 1 x 1 bed (2p) flat & 3 x 2 (4p) bed flats.
Second: 1 x 1 bed (2p) flat & 3 x 2 (4p) bed flats.

### 4.3 East block – (4 storeys – 18 flats)

• Ground: 2 x 1 (2p) bed flats (both accessible), 2 x 2 (4p) bed flats (one accessible) & 1 x 3 (5p) bed flat

First: 2 x 1(2p) bed flats, 1 x 2 (4p) bed flats & 2 x 3 (5p) bed flats
Second: 2 x 1 (2p) bed flats, 1 x 2 (4p) bed flats & 2 x 3 (5p) bed flats

• Third: 1 x 2 (4p) bed flats, 2 x 3 (5p) bed flats

### Total = 29 units (3 to be wheelchair accessible)

### 5 MEETING HOUSING NEED

- 5.1 The site will provide affordable rented housing for people on the housing register.
- 5.2 The site will comply with BHCC Housing Strategy and Affordable Housing Brief.
- 5.3 The mix above (see 4) addresses the need for smaller ('downsizer) as well as some family homes
- 5.4 The proposal is for 100% affordable rented accommodation.

#### **6 FINANCIAL MODELLING**

- 6.1 Housing Committee unanimously agreed at its meeting on 6 March 2013 that a range of funding, rent and home ownership options should be provided in new housing to be developed on HRA land under the Estate Regeneration Programme in order to ensure that development is viable and to increase the number of new homes the Estate Regeneration Programme can deliver. The report indicated the level of Affordable Rents and the impact these higher rents would have on the number of homes the HRA could develop. Committee has agreed affordable rents capped at Local Housing Allowance rates for all subsequent schemes that it has considered, in line with the Affordable Housing Brief.
- 6.2 Higher rents for new affordable homes will be, to some extent, mitigated by lower fuel bills as homes will be built to higher sustainability standards than our existing stock.
- 6.3 The proposal is for the scheme to be 100% Affordable Rented homes. The units have been modelled at 80% of market rent level or the Local Housing Allowance (LHA) limit in accordance with the council's Tenancy Strategy. This generally means that rents are set at LHA levels which are in the region of 60-70% of market rent dependent on the number of bed rooms.
- 6.4 The size and mix of the flats at Wellsbourne, Whitehawk is based on the council's Affordable Housing Brief. The financial viability modelling includes the cost of the land, an allowance for s106 contributions and photovoltaic panels, site abnormals and external works.
- 6.5 The table below identifies unit rent levels capped at Local Housing Allowance levels and the HRA investment requirement after financing this development through net rental income streams over 40 years and the use of Right to Buy capital receipts to fund 30% of total scheme costs, as required by the government.

Unit Size – Wellsbourne	Rent capped at LHA rate per week
	29 flats
Rent per 1 bed flat	£153
Rent per 2 bed flat	£192
Rent per 3 bed flat	£230
HRA subsidy per home	£17,655
Total HRA subsidy requirement	£512,000

6.6 The development costs modelled are still subject to planning approval, assumes that delivery of the scheme is through the HRA and therefore costs and funding can only be indicative at this stage. Any significant variations to the proposed capital scheme and funding will be reported back to Policy & Resources Committee in accordance with council's standard financial procedures.

	Total subsidy requirement modelled over 40 Year repayment
Wellsbourne	100 % Affordable Rents
The state of the s	£'000
Estimated Scheme Costs	
Purchase of Land	360
Estimated build costs	5945
Professional fees	594
s106 Contributions	178
Total Estimated Cost	7,077
Funded By:	
HRA borrowing from net rental income	
stream (40 years)	(4,550)
Use of Right to Buy receipts	(2,015)
Total Funding	(6,565)
HRA Subsidy / (Surplus)	512
HRA Subsidy / (Surplus) per unit	18

6.7 The indicative scheme costs are estimated to be £1,700 per square metre resulting in subsidy requirement of £512,000. The unit subsidy requirement of £18k per unit benchmarks well with the subsidy unit cost at Findon Road (£22k) where there were significant ground work costs. New cost estimates include incorporating changes to Part M (4) space standards (an additional 439 square metres of floor space across the scheme), providing an additional lift; one in each block and an increase in hard landscaping to satisfy parking requirements for the scheme. Professional fees fall within the industry benchmark level of 10-14% of overall build costs. Construction inflation costs have also been taken into consideration.

#### 7.0 **DEVELOPMENT TIMELINE**:

Milestone	Target date
Planning Permission gained	July 2016
Start on site	September 2016
Practical completion	September 2017

#### 8 COMMUNITY ENGAGEMENT & CONSULTATION

- 8.1 Ongoing consultation has taken place with area panels and residents associations.
- 8.2 The Neighbourhood Council Due East and council officers carried out a highly successful consultation event at the Whitehawk Hub on 24 March 2015. The consultation offered an opportunity to discuss the site in tandem with the former library site which is now under construction. This was followed up by recent consultation at the Whitehawk Hub on 9th February 2016.
- 8.3 Both sessions were carried out using 'Planning for Real' techniques in partnership with the Due East Neighbourhood Council.
- 8.4 Planning for Real is a tried and tested system that uses a 3D model and comment cards to enable all residents, including children and young people, to express their opinion about a development scheme or neighbourhood.
- 8.5 Around 25 residents attended the second consultation which provided another opportunity for residents to comment on the scheme and also to provide feedback to Due East about wider Whitehawk issues and opportunities related to regeneration.
- 8.6 21 comments were received via the card system and a questionnaire related to the scheme. (see appendix 2) Relevant issues will be reviewed by the Neighbourhood Council Due East.
- 8.7 7 questionnaires were received and the comments are summarised in appendix 2.
- 8.8 All concerns will be discussed in detail with Planning as part of the planning application process. The Planning application process will also give residents further opportunity to comment on the schemes. Comments and concerns raised at the event will be included in the planning application. A summary of comments can be found at Appendix 2.

#### 9. CONCLUSION

9.1 Enabling the New Homes for Neighbourhoods programme to progress these schemes will enable the council to build 29 much needed homes in the city.

#### 10. FINANCIAL & OTHER IMPLICATIONS:

- 10.1 The financial viability modelling sets out to show whether a given scheme can pay for itself by using the new rental stream only (net of management and maintenance costs) over 40 years to pay for the principal and interest on the borrowing required to fund the development. It also assumes that 30% of the development costs of the affordable housing element are met from retained Right to Buy (RTB) Receipts towards the development. If the rental stream and RTB and sales receipts are insufficient to meet the costs, then a subsidy is required by the HRA.
- 10.2 Financial viability modelling has been carried out, with borrowing over 40 years, which shows that a 100% affordable rent options would require an estimated HRA investment of £0.512 million, which is £0.018 million per affordable unit, as shown in the table in the main body of this report. The cost of the land for Wellsbourne is £0.360 million is included in the investment requirement.
- 10.3 The recommendations are that approval is given for a budget of £7.077 million in the Housing Revenue Account Capital programme, which will be funded through HRA borrowing and retained Right to Buy receipts. The estimated development costs have been provided by the council's Sustainable Futures strategic construction partnership.
- 10.4 The budget also includes the cost of the land, an allowance for associated build cost fees & contingencies and build cost inflation. The development is still subject to planning permission, which can require final scheme design changes which may affect the cost and timetable for development.
- 10.5 Any significant variances to the approved capital programme budget would be reported to the Policy & Resources Committee in accordance with the council's standard financial procedures.

Finance Officer Consulted: Susie Allen Date: 4/02/16

#### 11 LEGAL IMPLICATIONS:

- 11.1 The Town and Country Planning Act 1990 (TCPA1990) allows local authorities to appropriate land for planning purposes. Under sections 226 and 227 a local authority can appropriate land "if the authority think that the acquisition will facilitate the carrying out of a development, redevelopment or improvement on or in relation to the land" (section 226(1) (a) TCPA1990).
- 11.2 Appropriating land gives various powers to local authorities to override easements and other rights in land including rights to light over land that has been appropriated for planning purposes under section 237(1) and (1A) TCPA1990.
- 11.3 The owner of any such third party right will have a claim for compensation which will be assessed on the basis of the loss in value of the claimant's land as a consequence of the interference or breach (s237(4) TCPA1990).

Lawyer Consulted: Liz Woodley Date: 9/2/1206

### 12 **EQUALITIES IMPLICATIONS:**

- 12.1 An increase in housing supply will increase the opportunity to provide new, well designed homes to local households registered in need. New development and renovation provides an opportunity to better meet the needs of particularly vulnerable households including those, such as existing elderly residents, who may be under occupying their current home.
- 12.2 The proposals include 3 wheelchair accessible homes. 26 of the flats meet mobility levels one to three.

### 13 SUSTAINABILITY IMPLICATIONS:

- 13.1 The new homes will be built to high sustainability levels and where possible the council will also look to include Solar Photo Voltaic systems. The new homes will also meet Lifetime Homes space standards.
- 13.2 The new homes will encourage a sustainable lifestyle for example:
  - Providing secure cycle storage
  - Incorporating water saving and re-use measures
  - Short distance re-cycling external communal bins
  - Photovoltaic panels

#### 14 CRIME AND DISORDER IMPLICATIONS:

14.1 Development of the sites is an opportunity to provide new, well-designed homes in these areas and link to wider regeneration opportunities, including work to deliver the council's economic and sustainability objectives. Good quality housing has been demonstrated to influence the rate of crime and disorder and quality of life.

### 15 CRIME AND OPPORTUNITY MANAGEMENT IMPLICATIONS:

- 15.1 There are a number of risks and opportunities associated with developing new homes including:
  - Increases in construction and other costs
  - · Impact of the right to buy
  - Local resident opposition to individual schemes

### 16 PUBLIC HEALTH IMPLICATIONS:

16.1 There are strong links between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat will help support the health of households.

#### 17 CORPORATE/CITYWIDE IMPLICATIONS:

- 17.1 As reported in the Housing Revenue Account Capital Programme 2013-2016 considered by the Housing Committee on 16 January 2013, the development of new housing has a strong economic multiplier impact on the local economy, estimated at over £3 of economic output for every £1 of public investment, creating jobs and supply chain opportunities.
- 17.2 Partners will be asked to work with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided for local people.

## **SUPPORTING DOCUMENTATION**

## **Appendix One:**

Design Briefing Note (see attached)

## **Appendix Two:**

## 1) Summary of Questionnaire Responses

Issue	Overview	Response
Parking	More parking should be developed at the front of the development by the road.	A transport assessment will be carried out ahead as part of the planning application process.
	There should be at least thirty parking spaces	The scheme has been designed to provide as much parking as possible.
	Encroachment on existing parking will be an issue	
	Congestion in the area could be problem	
	Twelve parking spaces on the development will not meet demands / parking issues already following Health centre building	
Amenities	Concerned with the pressures on local doctor's surgery. Difficultly booking an appointment already.	
	Concerned with pressures on existing education infrastructure	The scheme will attract a S106 contribution relevant to Education provision.
	Area requires more police presence in the interests of peace of mind and deterrent.	Due East the Neighbourhood Council have been advised who will work with the local community and PCSO's.
Sunlight / Rights of Light	Building block in front of ours will reduce our sunlight into our house. Building further away from the road would help	A daylight/sunlight assessment will be carried out as part of the planning application process.
Housing	Houses / flats should not be only rented. More support for first time buyers.	There are over 23,000 households on the council's housing register. Affordable rented homes are in high demand.
	I welcome new affordable housing in the area and the project facilitates council tenants wishing to downsize	Eligible council tenants wishing to downsize will be able to bid via the councils Homemove Housing Register.
	Good idea as we need more homes and doesn't take up much space and would be good for the parents of children in the primary school.	
	Appreciate the need for housing as long as not higher than the library	The development is not higher than the library building.

Design / Location	Buildings should be closer together and further away from the road to decrease loss of privacy	The design allows for maximum parking on the site.
	Happy with the design	
	Some areas need some care and attention. Shrub beds need to work to stop rubbish dumping.	Consideration will be given as part of the soft landscaping for the scheme.
Transport	Distance to nearest bus stop. Worried about access through the site to get to bus stop on Whitehawk Road	There is a bus stop on Whitehawk Road that will remain accessible via the existing footpath network.

### 2) Summary of consultation comments received on Planning for Real cards:

Issue	Туре
Fly-tipping	Crime & Safety
Lack of police presence	Crime & Safety
Car dumping	Crime & Safety
More litter bins needed	Environment
Flowers shrubs needed	Environment
Occupational Health facility needed	Health
More local shops needed	Housing
More houses for 1st time buyers	Housing
Damp & Condensation issues	Housing
More housing for people with learning disability	Housing
Homes need to be more energy efficient	Housing
More houses for 1st time buyers	Housing
More shared ownership	Housing
More yellow lines needed pavements	Traffic & Transport
Avoid drop kerbs x3	Traffic & Transport
Too many cars parking x2	Traffic & Transport
Zebra crossing needed x 2	Traffic & Transport

### **Background Documents**

- 1. Policy & Resources Committee July 2015
- 2. Housing Committee New Homes for Neighbourhoods report June 2015
- 3. Policy & Resources Committee February 2015
- 4. Housing Committee New Homes for Neighbourhoods report January 2015
- 5. Policy & Resources Committee December 2014
- 6. Housing Committee New Homes for Neighbourhoods report November 2014
- 7. Housing Committee New Homes for Neighbourhoods report March 2013



## Introduction

The proposed scheme consists of 29 flats accommodated on a redundant brownfield site which was the former location of the EB4U office building. The 29 flats are a mixture of 1, 2 and 3 bedroom homes, provided in two buildings over a mix of three and four storeys with on site parking for 12 cars (3 wheelchair usable).

Feilden Clegg Bradley Studios carried out the initial feasibility study, and this has been worked up by the Council's In-House Architects to take into account the latest space standards and changes to part M of the Building Regulations

The scheme proposes: Nine 1-bedroom 2-person flats (2 wheelchair accessible), thirteen 2-bedroom 4-person flats (1 wheelchair accessible), and seven x 3-bedroom 5-person flats.

All the units are in line with Brighton & Hove Affordable Housing Policy as a minimum, and in many cases the homes are larger than this minimum. Wheelchair accessible flats will comply with the latest Building Regulations Part M 4(3) and all others will comply with Part M 4(2).



**Existing Site - Aerial view** 



View from Whitehawk Road



View from Whitehawk Road



View from Library looking west



## Site



South West View of Proposed Building

## **Site Context**

The site is located on Whitehawk Road with the Whitehawk Health and Children's Centre to the south, the Whitehawk Library & Hub to the east and the City Academy Whitehawk (formerly Primary School) to the north. There is a significant slope from east to west.

There are traditional two storey 1930s terraced properties on the opposite side of Whitehawk Road to the West and a public footpath which runs along the northern and eastern boundaries, which provides a good pedestrian connections to local bus services in Whitehawk Way.

To the north west of the site is a large expanse of open public green space which is at the foot of Whitehawk Hill and the racecourse.

There are four mature Elm trees facing Whitehawk Road which will be retained.



## **Massing in Context**



**North West View** 

The massing of the site has been carefully considered with the two blocks running along a north-south axis. This has the benefit of providing views through the development towards the racecourse hill when seen from the Children's centre and also provides the opportunity to put car parking in the centre of the development which is overlooked by the new flats.

Following discussion with the planners, the roof line of the east block has been stepped back to align with the height of the adjacent school and library, with the lower three storey block opposite the existing houses.



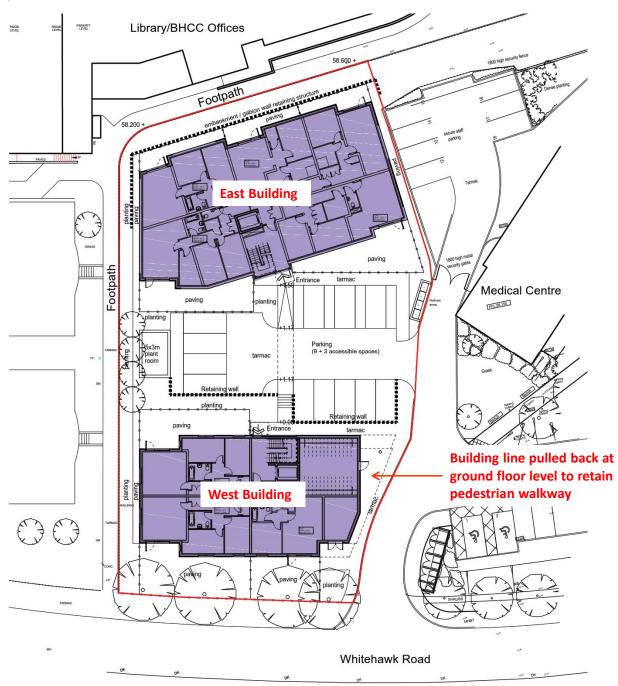
**West View** 



## **Proposed Site Plan**

The site is accessed off the service road to the south with a central carpark area. The units are heated by a central boiler plant room which is housed in a brick enclosure on the north side of the site. All ground floor units have their own private patio spaces with upper floor units having balconies.

The site is well served by large green open amenity spaces, playground and multi use games area just north of the development.



**Ground Floor Plan in Context** 



## **Internal Design of Flats**

One-Bedroom Two-Person Wheelchair Accessible Flat – 59m² East building - Ground floor

The wheelchair accessible two bed flat is currently being reviewed by the council's Housing Adaptations Service to ensure the 59m² floor area and layout is in line with their requirements.

The flat enjoys a private external amenity space.



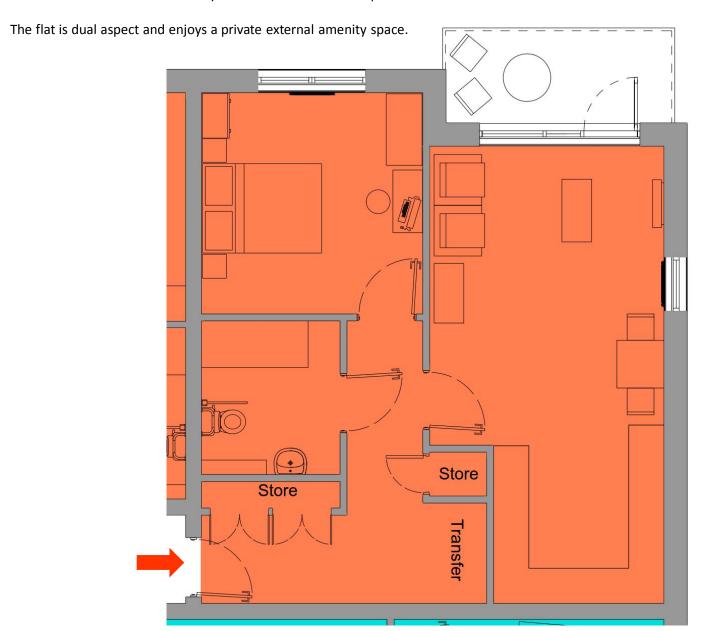
One Bedroom Two Person Accessible Flat



## **Internal Design of Flats**

One-Bedroom Two-Person Wheelchair Accessible Flat – 63m<sup>2</sup> East building - Ground floor

The wheelchair accessible two bed flat is currently being reviewed by the council's Housing Adaptations Service to ensure the 63m² floor area and layout is in line with their requirements.



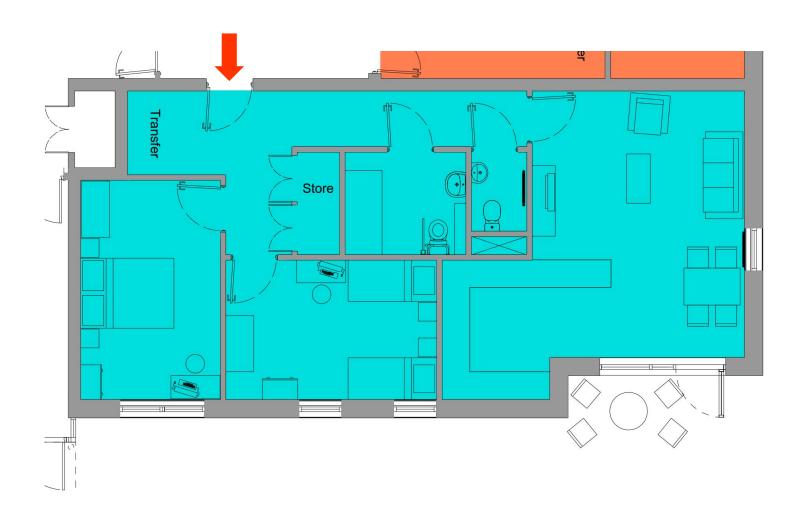
**One Bedroom Two Person Accessible Flat** 



## **Internal Design of Flats**

Two-Bedroom Four-Person Wheelchair Accessible Flat – 90m<sup>2</sup> East building - Ground floor

The flat is dual aspect and enjoys a private external amenity space.



**One Bedroom Two Person Accessible Flat** 



## **Internal Design of Flats**

One-Bedroom Two-Person Flat – 59m² (left) East building – First & second floors

This flat is accessed via the communal staircase and lift.

The flat enjoys a private balcony accessed from the open plan kitchen / dining / living space.



One Bed Two Person Flat

One-Bedroom Two-Person Category 2 Flat – 63m<sup>2</sup> (right) East building – First & second floors

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony accessed from the open plan kitchen / dining / living space.

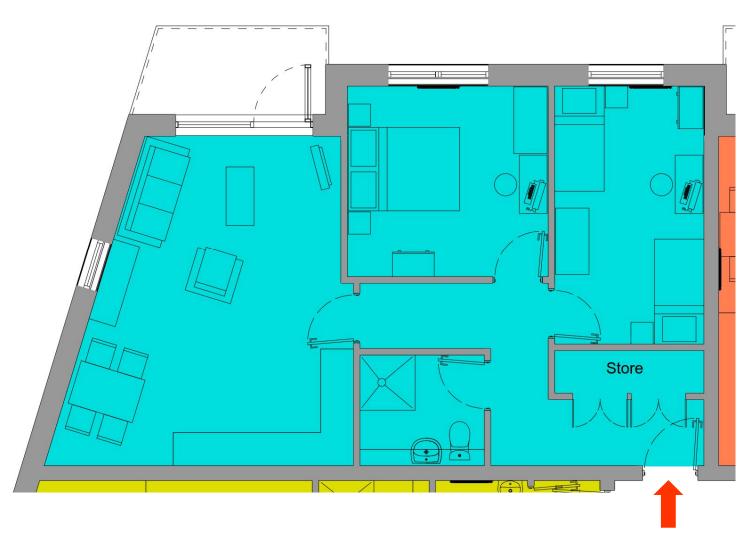


## **Internal Design of Flats**

Two-Bedroom Four-Person Flat – 70m<sup>2</sup>
East building – Ground, first, second & third floors

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony accessed from the open plan kitchen / dining / living space.



Two-Bedroom Four-Person Flat



## **Internal Design of Flats**

Three-Bedroom Five-Person Category 2 Flat – 90m<sup>2</sup> East building – Ground, first, second & third floors

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony accessed from the open plan kitchen / dining / living space.



**Three Bedroom Five Person Flat** 



## **Internal Design of Flats**

Three-Bedroom Five-Person Flat – 90m<sup>2</sup> East building – First & second floors

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony accessed from the open plan kitchen / dining / living space.



Three-Bedroom Five-Person Flat

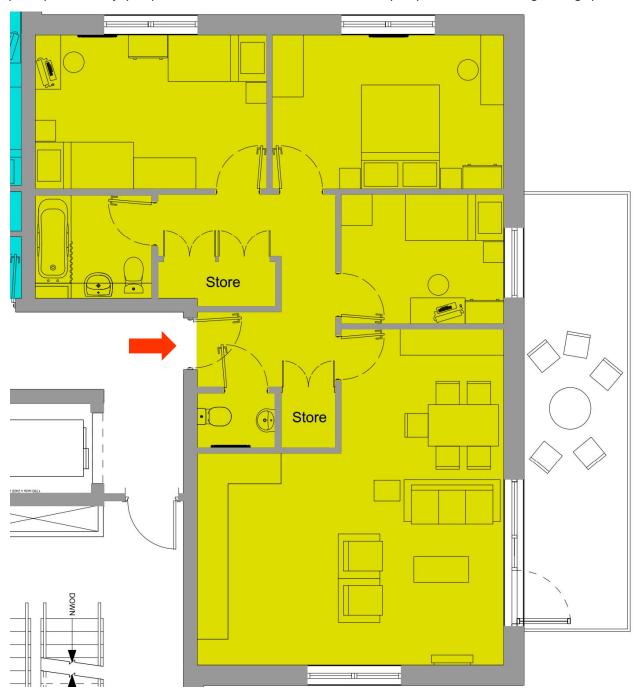


## **Internal Design of Flats**

Three-Bedroom Five-Person Flat – 90m<sup>2</sup> East building – Third floor

This flat is accessed via the communal staircase and lift.

The flat is triple aspect and enjoys a private roof terrace accessed from the open plan kitchen / dining / living space.



Three-Bedroom Five-Person Flat

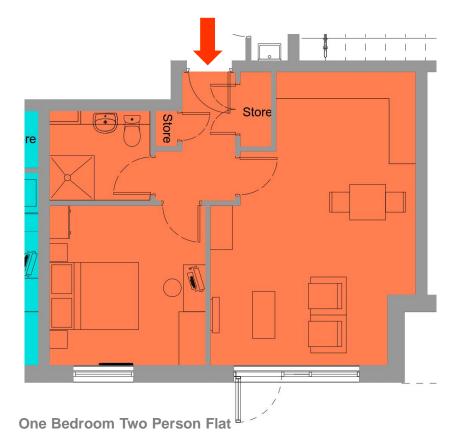


## **Internal Design of Flats**

## One-Bed Two-Person Flat – 50m<sup>2</sup> West building – Ground floor

This flat is accessed via the communal staircase and lift.

The flat enjoys a private patio accessed from the open plan kitchen / dining / living space.



## One-Bed Two-Person Flat – 57m<sup>2</sup> West building – Ground floor

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony accessed from the open plan kitchen / dining / living space.



**One-Bedroom Two-Person Flat** 

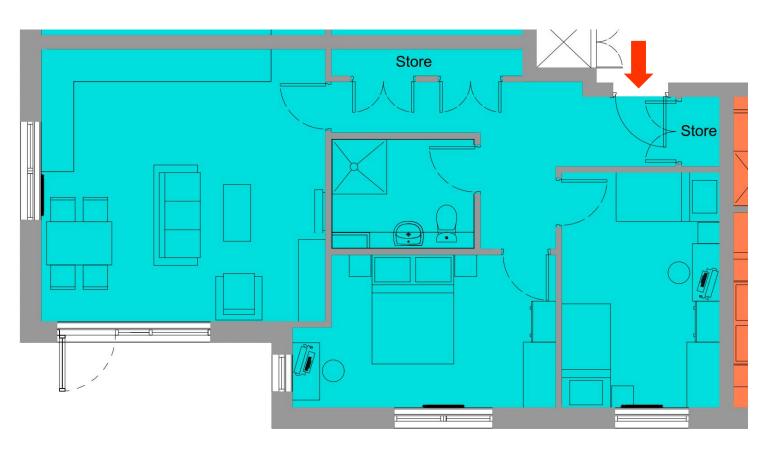


## **Internal Design of Flats**

Two-Bed Four-Person Flat – 70m<sup>2</sup> West building – Ground floor

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony or patio accessed from the open plan kitchen / dining / living space.



**Two-Bedroom Four-Person Flat** 

# Brighton & Hove City Council Housing Committee Briefing March 2016 Wellsbourne



## **Internal Design of Flats**

Two-Bed Four-Person Flat – 71m<sup>2</sup>
West building – First & second floors

This flat is accessed via the communal staircase and lift.

The flat is dual aspect and enjoys a private balcony accessed from the open plan kitchen / dining / living space.



**Two-Bedroom Four-Person Flat** 

# Brighton & Hove City Council Housing Committee Briefing March 2016 Wellsbourne



## **Public Consultation**

The Wellsbourne site was subject to public consultation in March 2015 and again on 9<sup>th</sup> February 2016. Both sessions use the a 'Planning for Real' consultation methods.



South East view of the proposed building

# Brighton & Hove City Council Housing Committee Briefing March 2016 **Wellsbourne**



### **Materials**

The proposed building and palette of materials has been carefully considered in relation to the existing buildings.

The main external wall material will be a Sussex stock facing brick to match the recently constructed adjacent library together with dark grey powder coated aluminium doors and windows. The balconies will have smoked glass and stainless steel frameless balustrades with a dark grey powder coated aluminium fascia.

Part of the fourth storey of the East block is set back from the main elevation and this will have a dark grey prefinished cladding.



View North from path to Library



**View South From Carpark Entrance** 

# POLICY & RESOURCES COMMITTEE

### Agenda Item 155

**Brighton & Hove City Council** 

Subject: New England House & Longley Industrial Estate

Date of Meeting: 17 March 2016

Report of: Executive Director Environment, Development and

Housing

Contact Officer: Name: Bob Bruce Tel: 29-1518

Email: <u>bob.bruce@brighton-hove.gcsx.gov.uk</u>

Ward(s) affected: St Peters and North Laine

#### FOR GENERAL RELEASE

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The purpose of this report is to rescind a decision made by Policy & Resources Committee at its meeting of 3<sup>rd</sup> December 2015.

#### 2. RECOMMENDATIONS:

2.1 That the committee agrees that the decision made on 3<sup>rd</sup> December 2015 in respect of the proposed development of the New England House ("NEH") and Longley Industrial Estate sites is rescinded and notes that a further report will be brought to committee in due course.

#### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The previous report is attached as Appendix 1 and the minutes of the 03.12.15 meeting are attached as Appendix 2.
- 3.2 That report indicated the position at that time with regard to an offer that had been made for the acquisition of a leasehold interest in the Council's property that would facilitate a development that would see realisation of a key element of the Council's vision for the New England Quarter. Members will recall that the report raised the possibility that the Council might need to utilise its statutory powers to aid land assembly as a last resort but that a further report would be brought back to Committee before invoking these powers. Members were advised of various letters received prior to the December meeting and that there were Part II confidential discussions regarding the issues raised therein.
- 3.3 The holder of an existing leasehold interest in the site, Maplebright, has expressed concern as to the resolutions taken by the Committee and, notwithstanding that the Deputy Head of Legal Services has written to provide clarification of the basis of these decisions, Maplebright is seeking leave to judicially review the December decision and have it quashed.

- 3.4 Counsel's advice has been sought and given. In summary his advice is that there is a strong likelihood that leave for review could be granted, as at the leave stage Maplebright need only show that there are reasonable arguments which need to be defended and responded to by the Council. Were leave to be granted the Council would be embroiled in expensive and lengthy litigation that would be detrimental to bringing forward the regeneration of the New England Quarter in a timely manner. Although counsel has also advised that in his opinion the Council would eventually win on the merits of the case, in which event the December decision would not be quashed, he has also advised on the pragmatic option of simple rescission as per this report. He has had sight of and commented on earlier drafts of this report.
- 3.5 It is therefore proposed that the earlier decision is revoked and that in due course a further report is presented to committee as to the appropriate way forward.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The alternative option of defending the decision and fighting the judicial all of the way has been considered. This is not the preferred option as (a) the outcome remains uncertain, (b) what is certain is that judicial review proceedings are expensive and time consuming and (c) the door remains open for the Council to revisit the way forward to achieve the proposed development.
- 4.2 If the recommendation is agreed officers will consider the appropriate way forward and present a further report in due course.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Stakeholder consultation, including engagement with current tenants in NEH will be an integral element in working towards achieving appropriate development.

#### 6 CONCLUSION

6.1 The preferred option is rescission now and subsequent consideration of how best to achieve appropriate development on the site..

#### 7. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

- 7.1 The decision to rescind the previous report has been taken in order to prevent potential high legal costs being incurred by the council should a judicial review proceed. The cost of counsel advice has been met from the council's existing project support budget.
- 7.2 At this point in time there are no know financial consequences of rescinding the decision of the previous report to Policy & Resources and any financial

consequences associated with this decision either for the Council or Maplebright will be included within the updated report to Policy & Resources.

Finance Officer Consulted: Rob Allen Date:08 /03/16

#### **Legal Implications:**

7.3 This report has been written by a Council lawyer with the benefit of counsel's advice and legal implications are generally included in the body of the report.

Lawyer Consulted:Bob Bruce 25.02.16

#### Equalities Implications:

7.4 None arising at this time.

#### Sustainability Implications:

- 7.5 Any proposed development will need to comply with sustainability requirements.
- 8. Corporate / Citywide Implications:
- 8.1 Securing additional employment development on the New England House and Longley sites remains a long-standing strategic employment objective in the city.

## **SUPPORTING DOCUMENTATION**

## Appendices:

- Report to 3<sup>rd</sup> Dec 2015 committee.
   Minutes relating to the report.

# POLICY & RESOURCES COMMITTEE

## Agenda Item 92

**Brighton & Hove City Council** 

Subject: New England House & Longley Industrial Estate

Date of Meeting: 3 December 2015

Report of: Acting Executive Director Environment,

**Development & Housing and Interim Executive** 

**Director Finance & Resources** 

Contact Officer: Name: Alan Buck Tel: 29-3451

Email: <u>alan.buck@brighton-hove.gov.uk</u>

Ward(s) affected: St Peters and North Laine

#### FOR GENERAL RELEASE

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The purpose of this report is to request agreement to work towards a development agreement with Arcus-PCD, in order to secure a mixed use development across the New England House and Longley Industrial Estate sites that will provide for the refurbishment and expansion of New England House along with significant levels of new employment floorspace and housing.

#### 2. RECOMMENDATIONS:

- 2.1 That the committee agrees the Heads of Terms ("HoTs") set out in Appendix 1, as forming the basis for a development agreement with Arcus-PCD, in order to work towards the integrated mixed-use development of the New England House and Longley Industrial Estate sites and secure the refurbishment and expansion of New England House, together with substantial levels of new employment floorspace and housing.
- 2.2 That the committee notes that the HoTs includes reference to the possible use of compulsory purchase powers to acquire the long leasehold interest of the Longley Industrial Estate, while continuing to help facilitate an agreed sale of the lease from the current leaseholder to Arcus.
- 2.3 That the committee authorises the Head of Legal Services to enter into (a) the development agreement referred to in the HoTs and if compulsory purchase is not required (b) the lease referred to in the HoTs,
- 2.4 That the committee agrees that if the development agreement is entered into but the parties agree that compulsory purchase of the leasehold interest referred to in 2.2 is necessary, a further report will be required to authorise the making of such an order,

#### 3. CONTEXT/ BACKGROUND INFORMATION

#### **New England House and City Deal**

- 3.1 The Greater Brighton City Deal was signed on 10 March 2014. One key element of the deal is the proposal for a new growth centre at New England House (NEH), focusing on the Creative, Digital and IT (CDIT) sectors. NEH is one of the major hubs for Brighton's thriving CDIT businesses. It accommodates 96 businesses, mainly from the CDIT sector. There are around 1,000 people employed by companies based in NEH and many more are employed by others who form part of those businesses' supply chains. There are three critical elements that, delivered together, form an overall strategy to significantly improve NEH's value to the local and regional economy and sustain and accelerate the growth and development of Brighton's CDIT sector:
  - **Workspace:** Refurbishing and expanding the building (cladding, lifts, access points and sanitation).
  - **Business support:** Specifically designed for small, innovative businesses in the CDIT sector. This will expand and develop existing work through rollout of the FuseBox and Digital Catapult models.
  - **High capacity connectivity:** Providing affordable, high capacity connectivity and hosting for businesses that are located in the building through cost-effective access to high bandwidth connectivity. Work on installing the Brighton Digital Exchange (DX), including the provision of fibre cabling connections to every unit in NEH, was completed in July this year and the DX is now up and running, managed by the BDX Co-op.
- 3.2 To inform the NEH Growth Centre element of the City Deal, the council prepared a business case for how the building might be refurbished, extended and then operated with improved business support. The business case looked at options for how the estimated £24.5m costs associated with those works would be met. The proposal agreed with government is that they would give a grant of 20% (£4.9m) through the City Deal. Of the remainder, 40% (£9.8m) would be funded by the city council, and 40% would be invested by a private sector partner.
- 3.3 The £4.9 million agreed through City Deal in March 2014 was paid to the council in December 2014. The money has been earmarked in a reserve to fund the project.

#### **Longley Industrial Estate**

3.4 Over the last year officers have had talks with various parties to explore potential funding models to take forward its aspirations in respect of refurbishing and expanding NEH. By far the most attractive proposal in terms of securing this objective is a development deal that would incorporate the adjacent Longley Industrial Estate, on which the council owns the freehold interest. It is a site comprising a mixture of low rise commercial trading units. The Longley site is held on a long lease (92 years left) that is currently owned by Maplebright. The site has a long-standing planning designation for new employment development (Use Class B1). The site has a key potential role in contributing towards the City Plan's strategic aspiration to secure an additional 20,000 sq m in the New England Quarter/London Road area.

#### Arcus development proposal

- 3.5 The Council has been in discussion with the developer Arcus for the past eighteen months regarding a potential partnership for a wider redevelopment package that would deliver the refurbishment and expansion of NEH, along with the integrated redevelopment of the Longley site for a mixed use scheme including offices and housing. To achieve this they would need to acquire the lease for the Longley site.. The Longley site is shown on the plan appended to this report, where it is outlined in red. The site lies immediately north of and adjacent to the NEH car park.
- 3.6 The opportunity to undertake a development across the NEH and Longley sites has the potential to realise some major benefits that the redevelopment of the two sites in isolation under separate developers is unlikely to secure. These potential benefits could include the following.
  - Significant reduction of the financial risk to the council of the project. Arcus/LaSalle would take on development risk and the financial responsibility for refurbishment and expansion of NEH along with Longley. The potential contribution from the enabling development should substantially reduce the council funding requirement and based on their initial high level appraisal could generate a sufficient return to allow a significant contribution towards the NEH refurbishment as part an overall redevelopment of the two sites. The current appraisal assumes that 30% of the enabling housing is affordable.
  - An integrated development across the NEH and Longley sites that is better able to provide for both the digital and creative side of the CDIT sector.
  - Avoidance of over-development of the NEH site (a risk associated with current expectations regarding net additional floor space).
  - A major expansion on the New England Quarter providing significant numbers of new jobs and homes. The figures proposed in the initial Arcus/LaSalle proposal are for between 10,000 - 13,000 sq m of additional office floor space and 250 residential units (1 and 2 bedrooms), 30% of which would be affordable.
- 3.7 Arcus-PCD is a recently-formed company whose Directors have a strong track record of working in partnership with a number of large UK Pension Funds in delivering institutional quality investments for their long term hold. A recent project was with Horsham DC on the John Lewis retail development, and with BA Pension Fund Trustees Ltd and HSBC Pension Fund Trustees on delivering over 350,000 sq ft of commercial development. LaSalle is a long-established and well-known financial institution investing in the development sector.
- 3.8 In order to work towards the current stage the Council has already entered into a Memorandum of Understanding (MoU) with Arcus/LaSalle to provide a level of comfort to both parties, particularly for Arcus/LaSalle who required a reasonable level of confirmation that the council is on board before seeking to purchase the leasehold interest of Longley site.

#### **Discussions with Maplebright**

- 3.9 In June officers undertook discussions with Maplebright, the long leaseholder to the Longley site, regarding their willingness or otherwise to consider the sale of their lease interest to Arcus in order to enable the integrated development of the site in conjunction with the refurbishment and expansion of NEH. Arcus's subsequent financial offer, based on a considerable mark-up of the site's estimated value, was rejected as insufficient.
- 3.10 Both prior to and since the Arcus offer to Maplebright, its agent Fludes has approached BHCC with a proposed development package by the developer Bouygues, including a financial offer to extend the long lease. Both of these offers have been rejected by council officers on the basis that they neither represent an attractive return, nor provide sufficient certainty in securing the strategic objectives for the NEH/Longley sites and the wider New England Quarter Development Area.
- 3.11 Discussions with the current Longley lessee and its agents are ongoing and BHCC will continue to listen to alternative options. In the meantime Arcus has emphasised to BHCC that the 'window' to secure a viable development within the current economic cycle is rapidly diminishing. To ensure that the strategic development aspirations for NEH in tandem with Longley are secured, it may be necessary to embark on a Compulsory Purchase Order (CPO) of the Longley site. Under the proposed Heads of Terms attached at appendix 1, Arcus would undertake to fund any costs to the council arising from the CPO process.

#### 4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 There are various alternative models for seeking to bring forward the refurbishment of NEH for example, seeking a development partner and/or funding standalone development of the site, or seeking an alternative development partner on an integrated development of both the Longley and NEH sites as per the Arcus offer.
- 4.2 At his point in time and with a rapidly diminishing window to secure a development within the current economic cycle, the Arcus offer represents a very attractive solution in terms of providing the necessary finance for NEH's refurbishment together with securing a range of planning and other strategic objectives in respect of the New England Quarter and London Road Area.

#### 5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Stakeholder consultation, including engagement with current tenants in NEH will be an integral element in working towards a development agreement with Arcus.

#### 6. CONCLUSION

6.1 Working in partnership with Arcus will reduce financial risk for the council and should achieve a range of strategic objectives in respect of the council's planning

- policies for the New England Quarter and London Road Area (DA4) securing the refurbishment and expanasion of NEH, new employment floorspace and housing.
- 6.2 Working towards a CPO if necessary is an appropriate means of providing the necessary assurance to enable an integrated development that will best realise the development potential of the Longley and NEH sites in line with strategic objectives.

#### 7. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

- 7.1 The conditional offer from Arcus would provide a contribution towards the NEH refurbishment as part an overall redevelopment of the two sites. The contribution will be net of any loss of rent that the Council receives for the Longley site. This net contribution, along with the £4.9m already secured for the project through the City Deal, would reduce the amount that the council would need to invest into the project and improve the overall viability of the scheme whilst potentially keeping future rent levels in NEH below the levels assumed in the original business case. There may also be an opportunity to increase the level of affordable housing provided. In the longer term the council will also benefit from additional future income streams from council tax, new homes bonus and business rates once the development on both sites is completed. Further work will be undertaken on testing the viability of the business plan and reported back to Committee in the future.
- 7.2 As set out in paragraph 3.11 any costs associated with the CPO of the Longley site would be met in full by Arcus with no direct cost incurred by the Council.
- 7.3 Resources have been set aside in the Strategic Investment Fund to support costs associated with the ongoing negotiations and viability of the business plan of the development.

Finance Officer Consulted: Rob Allen Date: 12/10/15

#### Legal Implications:

- 7.4 The draft HoTs propose a new 250 year lease for the Longley site subject to satisfactory planning permission for the development referred to in the HoTs being granted. It is also proposed that the Council would be indemnified in respect of any costs incurred in relation to the compulsory purchase of the existing Longley lease.
- 7.5 As (a) the proposed HoTs are considered reasonable and acceptable and satisfy the S123 Local Government Act requirements in terms of best consideration reasonably obtainable and (b) Arcus have funding available and are ready to enter into appropriate documentation, it is not considered necessary or appropriate to market the Longley site..

If the recommendations are agreed, appropriate documentation will be entered into. In the event of it being considered necessary to make a CPO a further

report will be presented to the committee seeking appropriate order making authority.

Lawyer Consulted:Bob Bruce 18.11.15

**Equalities Implications:** 

7.5 None arising at this time.

Sustainability Implications:

- 7.6 The development proposed will comply with sustainability requirements.
- 8. Any Other Significant Implications:

Corporate / Citywide Implications:

8.1 Securing additional employment development on the New England House and Longley sites remains a long-standing strategic employment objective in the city. The two sites form a development allocation under policy EM1 in the 'saved' policies of the adopted Brighton & Hove Local Plan (2005) where they are described as the New England Business Area and are identified for B1 industrial and businesses uses. The sites fall within the Development Area DA4 (New England Quarter and London Road Area) of the more recent City Plan, where Longley has a strategic allocation for a net addition of 3,000 sg m employment floorspace as part of a mixed use development, which would help secure the 20,000 sq m of new employment floorspace that is sought in the wider development area. Securing the refurbishment of New England House is also a highlighted objective in DA4. By working with Arcus and its funding partner La Salle there is potential within the current development 'window' to secure both of the above objectives, along with achieving an integrated development across the two sites, that works within the context of the wider New England Quarter and also meets additional strategic needs for new residential development.

## **SUPPORTING DOCUMENTATION**

## Appendices:

- 1. Heads of Terms
- 2. Plan of relevant land
- 3. Confidential Part Two information re HoTs.





#### **BRIGHTON & HOVE CITY COUNCIL**

#### POLICY & RESOURCES COMMITTEE

#### 4.00pm 3 DECEMBER 2015

#### **AUDITORIUM - THE BRIGHTHELM CENTRE**

#### MINUTES

**Present:** Councillors Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Janio, Meadows, Mitchell, A Norman, Sykes and Wealls

#### **PART ONE**

- 74 PROCEDURAL BUSINESS
- (a) Declarations of Substitutes
- 74.1 Councillor Meadows was present in substitution for Councillor Bewick.
- (b) Declarations of Interest
- 74.2 There were no declarations of interests in matters listed on the agenda.
- (c) Exclusion of Press and Public
- 74.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any of the items listed on the agenda.
- 74.4 **RESOLVED:** That the press and public be excluded from the meeting during consideration of the items contained in Part Two of the agenda.
- 75 MINUTES
- 75.1 **RESOLVED –** That the Chair be authorised to sign the minutes of the ordinary meeting on 15 October 2015 as a correct record.
- 75.2 **RESOLVED -** That the Chair be authorised to sign the minutes of the special meeting on 4 November 2015 as a correct record.
- 76 CHAIR'S COMMUNICATIONS
- 76.1 The Chair gave the following communications:

"I would like to welcome you all to our last P&R Committee of 2015 and to remind you today's meeting will be web cast live and will be capable of repeated viewing.

Before we begin I would like to share the news that the council has now joined the international Rainbow Cities Network. For those who don't know, the network is a group of council's from cities all over the world who lead the way in LGBT policy and share good practice and learning with each other. We hope to build valuable international partnerships and work together to open up new funding streams that will enable us to stay at the forefront of equalities work.

Along with Brighton & Hove becoming a Rainbow City, something else that reemphasises our commitment to equality is the Accessible Volunteering Charter. This charter was brought to the council's attention by The Fed and I am very happy to see them here today to witness the signing of the declaration.

This declaration ensures the council's commitment to making volunteering opportunities accessible to people with disabilities and it is a commitment we will progress as part of the Citywide Volunteering Strategy working alongside our partners in the City Management Board. Of course we will have to take into consideration the financial and practical implications and the effect this will have on a timescale of achievements but we hope signing the Charter sends a clear signal of the council's intent."

#### 77 CALL OVER

77.1 The following items were reserved for discussion:

Item 80	Targetted Budget Management (TBM) 2015/16 Month 5
Item 81	Budget Planning & Resource Update – Integrated Service and Financial
	Plan Initial Proposals 2016/17 – 2019/20
Item 82	Council Tax Reduction Review
Item 84	Life Events Fees and Charges for 2015/16 – 2016/17
Item 85	Support Functions Review
Item 86	Construction Consultancy Framework Agreement
Item 87	Procurement of Cash in Transit Services
Item 88	Corporate Procurement of Renewable Electricity Energy Supplies
Item 92	New England House & Longley Industrial Estate
Item 94	New England House & Longley Industrial Estate – Exempt Category 3

77.2 The Democratic Services Manager confirmed that the items listed above had been reserved for discussion, and that the following reports of the agenda, with the recommendations therein had been approved and adopted.

Item 83	Treasury Management Policy Statement 2015/16 (including Annual						
	Investment Strategy 2015/16) – Mid Year Review						
Item 89	Performance Update 2014/15						
Item 90	Committee Timetable 2016/17						
Item 91	Transitional Officer Arrangements for Finance & Resources Functions						

#### 78 PUBLIC INVOLVEMENT

#### a) Petitions

- 78.1 The Chair noted there was one petition referred from Council on 22 October 2015 in relation to 'Hold i360 to Account'. As the lead petition was not present at the meeting the Chair agreed that the following responses to the matters raised in the petition would be included in the minutes as set out below:
  - 1. The Council to use its powers, including bye-laws, to ensure that the area is protected, that minimal disruption is caused and that the interests of residents and small businesses are protected.
  - 2. The Council to ensure that the current Planning Conditions are enforced and that these are strengthened where necessary.
  - 3. The Council to ensure that there is no encroachment by the i360 LTD onto the beach and other areas of the seafront beyond the strict boundaries already agreed.
  - 4. The Council to ensure that all relevant Legislation including Health and Safety Laws are adhered to.
  - 5. The Council to apply all relevant financial penalties, Community benefits, Business Rates and other sources of income to ensure that any potential losses now or in the future are minimised.
  - 1. "The Council has already been instrumental in ensuring that the residents and small business interests are kept up to date and informed about the activities taking place to build the i360. For example in May of this year before the beach landing we made sure that information was shared through a distributed pamphlet and social media. The team developing this site are bound by the same restrictions to protect amenity as all other developers in the City."
  - 2. "The Council is ensuring that details needed to meet the requirements of planning conditions are being submitted for approval to the Local Planning Authority in the normal way. If approved condition details are not implemented or are breached in any way the Local Planning Authority has the option to consider taking enforcement action."
  - 3. "There are no encroachment plans associated with the i360 project."
  - 4. "The Council does not police the developer, however in common with all development in the City and where relevant, and if they have responsibilities transport, planning and environmental health teams will monitor to ensure compliance with legislation and conditions."
  - 5. "In fact and as part of the agreement to loan £36.2m the council will receive a margin on top of the borrowing rate of 3.75% per annum worth approximately £1.1m per annum plus one off fees of about £1m which have already largely been received for setting up the deal. The council will also receive 1% of all ticket sales as part of the planning conditions as well as new income from business rates and a projected increase in car parking revenue from the Regency Square Car Park. Further income could be generated from new businesses that will open up or

expand because of the additional footfall created by the i360. All of this was set out in the public report to Policy & Resources Committee on the 6 March 2014."

78.2 **RESOLVED –** That the Committee note the petition.

#### c) Deputations

78.3 The Chair noted there was one deputation referred from Council on 22 October 2015 in relation to 'Support for a Community Café and Storage Space'. The Chair then read the following response to the deputation:

"Council officers have contacted the Real Junk Food Company to better understand their accommodation requirements. The vacant kiosk at Saunders Park was offered as a possible opportunity; however the council is aware that this does not meet their requirements for seating and storage. At present the council does not have any other vacant units that would meet their needs but we are aware of their requirements and support their objectives. The council will show this opportunity at Saunders Park to the Real Junk Company for their review and keep them informed of any other opportunities that may occur."

- 78.4 **RESOLVED –** That the Committee note the deputation.
- 78.5 The Chair noted there were no other petitions, written questions or deputations.

#### 79 MEMBER INVOLVEMENT

- 79.1 The Chair noted there was one written question from Councillor Page in relation to 'Bus Service Operators' Grant', he asked Councillor Page to come forward and put his question to the Committee.
- 79.2 Councillor Page asked:

"Does the Administration support the Local Government Association (LGA)'s call, in their submission to the Government's November spending review, for devolution to Councils of the Bus Service Operators' Grant (a fuel rebate scheme), and for full funding of Concessionary Fares, to - as Cllr Peter Box (Conservative), LGA Transport spokesman, says - "protect cherished bus services and ease pressure on stretched Council budgets?"

79.3 The Chair gave the following response:

"We would very much welcome the full funding of concessionary fares by Government, so that our current spending in this area could be used to ease pressure on the council's budget and protect the local bus services which we currently support. Although we would also welcome receipt of additional Bus Service Operators' Grant income we are mindful that removal of this funding from bus operators could undermine their commercial networks, thus increasing the number of bus services that would require local authority support."

- 79.4 By way of a supplementary Councillor Page asked if any commitment could be made to retain the 37B service in light of proposed changes to subsidised bus budget.
- 79.5 The Chair deferred the response to Councillor Mitchell, Chair of the Environment, Transport & Sustainability Committee, who stated that no decision would be made until the area wide review had taken place, which was normal in advance of new contracts being awarded. At this point in time it was not possible to say which services would require a subsidy.

#### TARGETED BUDGET MANAGEMENT (TBM) 2015/16 MONTH 7

- 80.1 Before the Committee considered the item thanks were extended by Members to the Interim Executive Director for Finance & Resources as 5 December was her last day with the organisation.
- The Committee considered a report of the Interim Executive Director in relation to Targeted Budget Management (TBM) 2015/16 Month 5. The Targeted Budget Monitoring (TBM) report was a key component of the Council's overall performance monitoring and control framework. The report set out the projected forecast risk as at Month 7 (October) on the Council's revenue and capital budgets for the financial year 2015/16.
- 80.3 Councillor Sykes commented that the report was good news for the Council's budget position, but it was clear there was still some risk. He expressed concern that some of the measures were not sustainable in the long term, such as holding positions vacant and delaying maintenance works to buildings. In response to questions from Councillor Sykes the Executive Director for Adult's Services explained that the Resource Allocation Budget was set up to work out indicative budget options as budgets and options changed to become more personalised where someone had an indicative budget and the need could not be met it was necessary to ensure there was budget to do this.
- In response to concerns expressed by Councillor Wealls the Interim Executive Director for Finance & Resources explained that one off-decisions had been taken to help bring the budget position back into line this financial year and there was a crucial need to understand demand for future years.
- 80.5 Councillor Hamilton explained that it remained the position of the administration to keep the financial controls in place to ensure the budget came back into line by the end of the financial year.
- 80.6 The Chair then put the recommendations to the vote:

#### 80.7 **RESOLVED –** That the Committee:

1) Note the forecast risk position for the General Fund, which indicates a budget pressure of £1.653m. This consists of £1.111m on council controlled budgets and £0.542m on the council's share of the NHS managed Section 75 services.

- 2) Note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.512m.
- 3) Note the forecast for the Dedicated Schools Grant which is an underspend of £0.035m.
- 4) Note the forecast outturn position on the capital programme.
- 5) Approve the capital programme variations and reprofiles in Appendix 3 and new capital schemes in Appendix 4.

# 81 BUDGET PLANNING & RESOURCE UPDATE - INTEGRATED SERVICE AND FINANCIAL PLAN INITIAL PROPOSALS 2016/17 - 2019/20

- 81.1 The Committee considered a report of the Interim Executive Director for Finance & Resources. The report set out the draft 4 Year Service & Financial Plans that included detailed savings for 2016/17 and summary savings totals for the remaining 3 years to 2019/20. Proposals were presented in this way, as although savings over 4 the year period could be reasonably assessed, the exact profile and timing of savings in later years might fluctuate.
- 81.2 Councillor Sykes highlighted that the difficult budget position before the Council was the direct result of policy from National Government; however, the situation had been made worse both the Labour and Conservative Groups backing a Council Tax freeze during the previous Green Administration leading to under inflation Council Tax rises; furthermore the proposed reduction in the Council Tax Reduction Scheme would impact some of the poorest families in the city. Whilst the Green Group considered some areas to be sensible, such as the 4 year budget planning, they considered the reduction in the level of scrutiny and consultation, given the size of the proposed cuts, to be unacceptable. Councillor Sykes also asked that the Leader do more to challenge Central Government on the difficult financial position for the authority.
- 81.3 Councillor G. Theobald took the opportunity to thank the outgoing Interim Executive Director for Finance & Resources for her commitment to the authority over the last 12 months.
- 81.4 Councillor G. Theobald went on to add that the Administration needed to do to find innovative and creative solutions to address the budget gap and be more forthcoming about their priorities. He stated that the Conservative Group had considered abstaining, but would support the recommendations on the basis of the information contained in the report.
- 81.5 Councillor Mac Cafferty echoed the remarks made by Councillor Sykes, and went on to state that the Administration were front loading cuts without enough consultation; he felt this approach was too much and too soon. In relation to consultation he stated that a proposed Green amendment at the June meeting of the Committee had not been agreed and the Administration were seeking to impose some of the biggest cuts to the budget with reduced consultation. He also expressed concern in relation to changes to the libraries services and subsidised bus services, and argued that many of the poorest families in the city would be hardest hits by budget savings.

- 81.6 Councillor Janio highlighted that budget position would have been equally as challenging for whichever party formed the Administration following the May Local Elections; he hoped that all Groups could work together to form sensible proposals to deliver the necessary budget savings, though he queried if the 2016/17 programme was too ambitious.
- 81.7 Councillor A. Norman echoed comments from other Members within her group; she added that some of the proposals to change how services were delivered were in line with service users wishes.
- 81.8 The Chair highlighted that the proposed consultation was set out in the report, and added that he had recently met with the Secretary of State for Communities & Local Government and highlighted the very difficult position in relation to the authority's finances. He went on to state that the proposals in the report would go most of the way to achieving the necessary savings; however, the full settlement would not be known until just before Christmas. He highlighted the city innovation challenge that would run as means to unlock potential creative solutions to help keep services running offering five £1,000 prizes for the best ideas.
- 81.9 Councillor Hamilton stated that he had listened to the other points in the debate and hoped that the other Parties could support the proposals. In relation to the current overspend he was hoping this could be rectified in year, and noted that at this point the budget was still interim as many aspects were not known in full.
- 81.10 The Chair then put the recommendations to the vote.

#### 81.11 **RESOLVED –** That the Committee:

- Notes the updated forecasts for resources and expenditure for 2016/17 and an estimated budget savings requirement for 2016/17 based on two council tax propositions.
- 2) Notes the approach taken to identifying savings in the context of the council's draft Corporate Plan and Medium Term Financial Strategy.
- 3) Notes the detailed draft proposals for savings in 2016/17 towards meeting a budget gap based on a council tax increase of 1.99% or a council tax freeze.
- 4) Notes the 4 year Service & Financial Plans and projected 4-year draft savings proposals at Appendices 1 and 2.
- 5) Directs that all of the draft savings proposals identified at Appendices 1 and 2 be subject to further consultation and engagement, meeting statutory requirements where required.
- 6) Notes the indicative allocations of one-off resources for 2016/17 set out in table 1 subject to the identification of sufficient further one-off resources to fund the proposed allocations.

- 7) Notes the update on the HRA budget set out in paragraphs 3.27 to 3.30.
- 8) Notes the Capital Investment Programme update set out in paragraphs 3.31 to 3.33.

#### 82 COUNCIL TAX REDUCTION REVIEW

- 82.1 The Committee considered a report of the Interim Executive Director for Finance & Resources in relation to Council Tax Reduction Review. The Council introduced a local Council Tax Reduction scheme from 1 April 2013 as a result of national changes localising the previous Council Tax Benefit system. Under legislation the Council Tax Reduction Scheme had to be reviewed each year. The purpose of the report was to set out that review the resulting recommendations.
- 82.2 Councillor Mac Cafferty expressed concern in relation to the report as he felt it would have an adverse impact on some of the poorest residents in the city; he felt the full implications of the decision before the Committee were not clearly set out in the report; which could lead to potential legal challenge and the conclusions drawn in the report did not reflect the consultation responses that had been received. Councillor Mac Cafferty reiterated his concern that the report did not accurately reflect the full impact of the proposed decisions.
- 82.3 In response to the issue of potential legal challenge the Head of Legal & Democratic Services stated he was of the view that the Council had complied with the legal requirement to consult.
- 82.4 Councillor Sykes stated that the report needed to be considered in the context of the reduction in support from Central Government and the impact would be felt by the poorest families in the city; he highlighted the further complication of the issue when personal allowances were considered. He stated that increasing the minimum liability made it more difficult for families when Council Tax was increased and reduced the flexibility to be more creative with how Council Tax operated.
- 82.5 Councillor Hamilton highlighted that consultation had been undertaken with every recipient of Council Tax Reduction, but that exercise had only received a 2% rate of response which was not considered a reliable guide. He went on to highlight the £1.4m that the Administration were committing towards the scheme and, whilst there was an increase, this was low and had been the product of very careful consideration.
- 82.6 The Chair then put the recommendations to the vote:

#### 82.7 **RESOLVED –** That the Committee:

- 1) Notes that the Council undertook formal consultation as a part of this review and that as part of the formal consultation a draft scheme was published and people were invited to give their views on that scheme.
- 2) Notes the outcome of that consultation (appendix 1) which has been summarised in section 5.4.

- 3 DECEMBER 2015
- Notes that an Equalities Impact Assessment (EIA) (appendix 2) has been 3) undertaken on the proposed changes in the draft scheme and recommendations set out in 2.9.2 - 2.9.4 in this report. The committee should further note that, to meet their Public Sector Equality Duty, members must give conscientious consideration to the findings of this assessment when making a decision on the recommendations in 2.9.1 - 2.9.4. The actions which will be undertaken as a result of this EIA are set out in section 7.4.
- Notes that the Chief Finance Officer (s151) will, prior to 1st April 2016, exercise 4) delegated powers to increase the appropriate calculative elements of the scheme to give effect to national changes.

#### RESOLVED TO RECOMMEND TO COUNCIL

- It notes that the Council undertook formal consultation as a part of this review and 5) that as part of the formal consultation a draft scheme was published and people were invited to give their views on that scheme.
- 6) It notes the outcome of that consultation (appendix 1) which has been summarised in section 5.4.
- 7) It notes that an Equalities Impact Assessment (EIA) (appendix 2) has been undertaken on the proposed changes in the draft scheme and recommendations in this report. It should further note that, to meet their Public Sector Equality Duty, members must give conscientious consideration to the findings of this assessment when making a decision on the recommendations in 2.9.1 – 2.9.4. The actions which will be undertaken as a result of this EIA are set out in section 7.4.
- It notes that the Chief Finance Officer (s151) will, prior to 1<sup>st</sup> April 2016, exercise 8) delegated powers to increase the appropriate calculative elements of the scheme to give effect to national changes.
- 9) It agrees that the following in relation to the proposed scheme from 1 April 2016:
  - i. The changes set out in 2.9.2 and 2.9.3 are made to the Council Tax Reduction Scheme (Persons who are not Pensioners)(Brighton & Hove City Council) 2013 to take effect from 1<sup>st</sup> April 2016.
  - ii. That people on CTR will receive up to an 80% discount on their Council Tax meaning the minimum contribution people of working age pay towards their Council Tax be changed from 15% to 20%.
  - iii. For customers entitled to CTR on 31st March 2016 transitional protection be provided until either the claim ends; the customer moves property; or 31<sup>st</sup> March 2017 (which ever occurs first) to minimise the increase paid by any household to £1.65 per week inclusive of the separately agreed Council Tax rise as a result of the change set out in 2.9.2 only.

iv. The discretionary fund used to support the CTR scheme be set at a minimum of £0.1m and maintained at the 2015/16 level of £0.15m through the use of up to £0.05m from the Welfare Reform reserve.

# TREASURY MANAGEMENT POLICY STATEMENT 2015/16 (INCLUDING ANNUAL INVESTMENT STRATEGY 2015/16) – MID YEAR REVIEW

#### 83.1 **RESOLVED:**

- 1) That Policy & Resources Committee endorses the key actions taken during the first half of 2015/16 to meet the treasury management policy statement and practices (including the investment strategy) as set out in this report.
- 2) That Policy & Resources Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to and the authorised limit and operational boundary have not been exceeded in the first half of the year.

#### 84 LIFE EVENTS FEES AND CHARGES FOR 2015/16 / 2016/17

- 84.1 The Committee considered a joint report of the Interim Executive Director for Finance & Resources and the Head of Legal & Democratic Services. The report set out the proposed fees and charges for the final quarter of the 2015/16 financial year and for the 2016/17 financial year for Bereavement Services and the Register Office within Life Events.
- 84.2 Councillor A. Norman highlighted and commended the high quality service that was provided by Life Events in the city, and made particular example of Woodvale Crematorium. The Chair echoed these comments.
- 84.3 In response to Councillors Mac Cafferty it was clarified that extensive work had been undertaken to benchmark and look at measures to include graduated fee increases, the proposed increases were to keep the costs of the service in line with other providers and it was envisaged that future increases would be in line with inflation.
- Councillor Hamilton took the opportunity to publically thank the work of Bereavement Services during the Shoreham Air Crash in August 2015.
- 84.5 The Chair then put the recommendations to the vote.
- 84.6 **RESOLVED -** That the Committee approve a proposal to increase fees and charges for Life Events services as set out in the appendices, for the last quarter of the current financial year (2015/16) and for the financial year 2016/17.

#### 85 SUPPORT FUNCTIONS REVIEW

85.1 The Committee considered a report of the Interim Executive Director for Finance & Resources in relation to Support Services Review. The report updated the Committee on the outcome of the Support Function Review; the report recommended that the Council became a founding partner of Orbis, which was currently established as a joint

- committee of East Sussex County Council and Surrey County Council to provide a full range of support functions.
- In response to queries from Councillor Mac Cafferty the Interim Executive Director explained that the terms of reference would need to be updated to reflect that each authority would have one lead Member on the Joint Committee. The report highlighted that the Orbis option was currently the most compelling, but this did not rule out service by service reviews if outsourcing became a more viable option. Each authority in the partnership would retain its own sovereignty through the appropriate governance process. Assurance was also provided that trade unions had been engaged, and would continue to be, in the process.
- 85.3 Councillor Wealls welcomed the report, but expressed some concerns in relation to where the control would lie and whether one authority would take a lead in the project. In response the Interim Executive Director explained that it was envisaged there would be a functional lead for each service from one of the authorities involved; any future decision on staffing levels would need to be made through each of the authorities own governance arrangements and in the case of Brighton & Hove would go through the Policy & Resources Committee.
- In response to Councillor Janio the Interim Executive Director explained that the process of due diligence would manage issues around specialisation and duplication of work; the Chief Executive added that the Orbis option was considered the most robust option in the longer term given the 30% savings targets identified for support services.
- 85.5 Councillor A. Norman highlighted that she was also considering the report in her role as Chair of the Audit & Standards Committee, and she felt the Council would not lose influence by joining Orbis. She added there was scope to widen the membership and potentially include district councils and noted that the joint venture would offer a means for staff to increase their skills base. She considered the proposals in the report to be the best way forward given the options.
- 85.6 Councillor Sykes highlighted that it was important the Council entered the arrangements as an equal partner, and he asked Officers to consider any arrangements using the same 10-1 ratio that the Council operated for salaries of the highest and lowest paid employee.
- 86.7 Councillor Hamilton noted that other Members, from the other authorities, would be Executive Members and likely be able to take decisions in their own right; in the case of Brighton & Hove decisions would need to come back to the Policy & Resources Committee.
- 85.8 Councillor G. Theobald noted that the Conservative Group would support the report; but added that this did not go far enough in terms of achieving more joint ventures with other authorities.
- 85.9 The Chair then put the recommendations to the vote:
- 85.10 **RESOLVED –** That the Committee:

- 1) Note the update on the wider Support Functions Review, as detailed in this paper.
- 2) Agrees that the council enters into an intra-authority agreement with the Orbis partners.
- 3) Agrees that the following BHCC services partner with Orbis:
  - ICT
  - Internal Audit & Corporate Fraud
  - Human Resources & Organisational Development
  - Property & Design
  - Finance & Procurement
  - Revenues & Benefits
- 4) Agrees that these services are delivered though Orbis as soon as practicable, with the timing of operational changes being subject to due diligence.

#### **RESOLVES TO RECOMMEND TO COUNCIL - That:**

- 1) Brighton & Hove City Council joins the Orbis Joint Committee as a founding partner, with the terms of reference as set out in appendix 2 (as they now stand) subject to necessary modifications to reflect expanded membership and the Council's committee system.
- 2) It appoints Cllr Les Hamilton to the Orbis Joint Committee on behalf of BHCC.
- 3) Subject to Council agreeing to recommendation 2.5 in the report and satisfactory due diligence, delegate the power to enter into the inter-authority agreement and the power to make the final decision on operational changes to the Chief Executive, Section 151 Officer and the Monitoring Officer and authorise the same to take all steps necessary or incidental to the implementation of the recommendations.

#### 86 CONSTRUCTION CONSULTANCY FRAMEWORK AGREEMENT

- The Committee considered a report of the Acting Executive Director for Environment, Development & Housing in relation to Construction Consultancy Framework Agreement. The purpose of the report was to seek approval to set up a corporate framework agreement for construction related consultancy and for delegation of award to be given to the Executive Director for Environment, Development & Housing.
- In response to queries from Councillors G. Theobald and Janio the Acting Executive Director explained that maximum award of a contract would be £5m; the Chief Executive added that the report would provide a framework of contractors for the authority to draw from, to reduce the instances to use the usual competitive framework, it also sought to provide greater certainty and increased efficiency.
- 86.3 Councillor Meadows suggested that the report be referred to the Procurement Board to give Member oversight.

- 86.4 The Chair then put the recommendations to the vote.
- 86.5 **RESOLVED –** That the Committee:
  - 1) Approves the procurement of a framework agreement for construction related consultancy with a term of four years;
  - 2) Grants delegated authority to the Executive Director Environment, Development and Housing to manage the procurement of the framework agreement referred to in 2.1 above, including the award and letting of the framework agreement.

#### 87 PROCUREMENT OF CASH IN TRANSIT SERVICES

- 87.1 The Committee considered a report of the Interim Executive Director for Finance & Resources in relation to Procurement of Cash in Transit Services. The current cash in transit contract was let on a short term basis following the early termination of the contract with the Council's previous provider. This short term contract was due to expire on 3 August 2016, and the report recommended undertaking a mini-tender exercise inviting companies listed on the ESPO framework to tender.
- 87.2 In response to Councillor Sykes the Interim Executive Director clarified that an inhouse service had been considered; however, the insurance implications as well as the regulation of the industry ruled out this option.
- 87.3 The Chair then put the recommendation to the vote.

#### 87.4 **RESOLVED**:

- That the Committee authorises the Section 151 Officer to procure and award a contract for cash in transit services through a tendering process for companies listed on the relevant ESPO framework or through a full OJEU tender process as appropriate.
- 2) That the Committee agrees to a contract period of 2 years and authorises the Section 151 Officer to enter into an optional extension for a further 2 years subject to satisfactory performance of the contract.

# 88 CORPORATE PROCUREMENT OF RENEWABLE ELECTRICITY ENERGY SUPPLIES

- 88.1 The Committee considered a report of the Interim Executive Director for Finance & Resources in relation to Corporate Procurement of Renewable Electricity Energy Supplies. The report complied with the requirements of the Scheme of Delegation to report to Committees actions taken in cases of urgency, following consultation with the Committee Chair, where it was not reasonably practicable to obtain prior Committee approval.
- 88.2 Councillor Sykes highlighted that this change had arisen form change in Central Government policy.

- 88.3 The Chair then put the recommendations to the vote.
- 88.4 **RESOLVED -** That Committee notes the decision made by the Assistant Director (Property and Design) in conjunction with the Chair of the Policy & Resources Committee taken under urgency powers to transfer our corporate electricity supplies within our existing and future supply contracts from a 100% renewable energy tariff to a standard tariff for value for money reasons.

#### 89 PERFORMANCE UPDATE REPORT Q2 2015/16

89.1 **RESOLVED –** That the Committee review progress in relation to Corporate KPIs particularly corrective measures outlined for 'red' and 'amber' indicators and provide ongoing support and challenge to lead officers to bring performance back on track.

#### 90 COMMITTEE TIME TABLE 2016-17

90.1 **RESOLVED –** That the Committee agree the proposed time table of meetings for the 2016-17 municipal year; subject to any necessary amendments following changes to the Constitution and/or committees' requirements.

## 91 TRANSITIONAL OFFICER ARRANGEMENTS FOR FINANCE & RESOURCES FUNCTIONS

#### 91.1 **RESOLVED:**

- 1) That Members agree the transitional arrangements and consequential changes to Officer delegations set out in paragraphs 3.3.1 to 3.3.5 of the report pending the appointment of a permanent Executive Director of Finance & Resources;
- 2) That the above arrangements come into effect from 5 December 2015 and that the Monitoring Officer be authorised to make the necessary changes to the scheme of delegations to Officers to reflect the above pending the permanent arrangements.
- 3) That Members appoint Pinaki Ghoshal, Executive Director of Children's Services, as the Council's representative in the Sussex Community NHS Trust.

#### 92 NEW ENGLAND HOUSE & LONGLEY INDUSTRIAL ESTATE

- 92.1 The Committee considered a joint report of the Acting Executive Director for Environment, Development & Housing and the Interim Executive Director for Finance & Resources in relation to New England House & Longley Industrial Estate. The purpose of the report was to request agreement to work towards a development agreement with Arcus-PCD, in order to secure a mixed use development across the New England House and Longley Industrial Eatate sites that would provide for the refurbishment and expansion of New England House along with significant levels of new employment floor space and housing.
- 92.2 Councillor Mitchell noted the proposals provided the opportunity to improve the whole area generally.

- 92.3 The Chair noted this scheme would add to the success story of the New England Quarter; as well as the digital sector in the city and generate growth.
- 92.4 The Chair moved that the Committee exclude the press and public under Section 100A(4) of the Local Government Act 1972 to consider the information contained in the Part Two appendices to the report.
- 92.5 When the Committee moved back into Part One the Chair put the recommendations to the vote.

#### 92.6 **RESOLVED**:

- That the committee agrees the Heads of Terms ("HoTs") set out in Appendix 1, as forming the basis for a development agreement with Arcus-PCD, in order to work towards the integrated mixed-use development of the New England House and Longley Industrial Estate sites and secure the refurbishment and expansion of New England House, together with substantial levels of new employment floorspace and housing.
- 2) That the committee notes that the HoTs includes reference to the possible use of compulsory purchase powers to acquire the long leasehold interest of the Longley Industrial Estate, while continuing to help facilitate an agreed sale of the lease from the current leaseholder to Arcus.
- 3) That the committee authorises the Head of Legal Services to enter into (a) the development agreement referred to in the HoTs and if compulsory purchase is not required (b) the lease referred to in the HoTs,
- 4) That the committee agrees that if the development agreement is entered into but the parties agree that compulsory purchase of the leasehold interest referred to in 2.2 is necessary, a further report will be required to authorise the making of such an order.

#### 93 ITEMS REFERRED FOR COUNCIL

93.1 There were no items referred to Council for information.

# 94 NEW ENGLAND HOUSE & LONGLEY INDUSTRIAL ESTATE - EXEMPT CATEGORY 3

94.1 **RESOLVED –** That the Committee note the information contained in the Part Two appendices to the report listed at Item 92 on the agenda.

#### 95 PART TWO MINUTES

95.1 **RESOLVED –** That the Chair be authorised to sign the Part Two minutes of the meeting held on 15 October 2015 as a correct record.

#### **POLICY & RESOURCES COMMITTEE**

3 DECEMBER 2015

	96	PART	TWO	PRO	CEEDING	ìS
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96.1 **RESOLVED –** That the information contained in items 94 & 95 remain exempt from disclosure to the press and public.

The meeting concluded at 6.04pm

Signed Chair

Dated this day of