

BRIGHTON & HOVE CITY COUNCIL

PEOPLE OVERVIEW & SCRUTINY

2.00pm 2 JUNE 2026

HOVE TOWN HALL - COUNCIL CHAMBER

MINUTES

Present: Councillor Parrott (Chair) Cattell, Czolak, Mackey, McLeay, McNair, Shanks, Winder and Guilmant.

Co-Optees: Kendrick Tugwell (Parent Governor Rep).

PART ONE

1 PROCEDURAL BUSINESS

- 1.1 Substitutions – Cllr Guilmant for Cllr Miller. Apologies from Sara Fulford, Jo Martindale, Adam Muirhead, Lesley Hurst, Dr Anusree Biswas.
- 1.2 Declarations of interest – Cllr Czolak declared an interest as a Governor of the Sussex Partnership NHS Foundation Trust.
- 1.3 Exclusion of press and public – The Chair read the following statement on the potential exclusion of the press and public: Amongst the papers circulated to elected members were confidential (Part 2) papers from the Cabinet Meeting. Any discussion of these papers will need to be in confidential session and will need to exclude the press & public from these discussions. We will move into a Part 2 confidential session towards the end of the meeting, if members indicate that they wish to discuss information shared in the Part 2 papers. All committee members are reminded not to raise matters contained in the Part 2 documentation during the public meeting.

2 CALL-IN OF UPDATE ON THE HOUSING MANAGEMENT FOR THE BRICKFIELDS DEVELOPMENT

2.1 The Chair said “This is the first time that People Overview & Scrutiny Committee has held a call-in meeting under our new governance arrangements, and I would like to thank everyone for finding the time to attend at short notice.

I’d like to start off by briefly explaining the purpose of a call-in meeting. If anyone has any questions, I’m sure that Giles will be happy to respond.

Call-in is an essential, and legally required, part of any Leader & Cabinet governance model. The council has to have a process in place that allows non-executive members to challenge a decision of the executive, after it has been taken but before it has been implemented.

Call-in is not intended to be used frivolously or simply because members disagree with a decision. For a call-in request to be accepted, the members requesting the call-in must detail why they think the executive decision was flawed. The Council's procedure rules list a number of legitimate grounds for call-in, as well as requiring that a call-in request be signed by at least 6 members from at least 2 political groups.

If a call-in request is made, and if the request is accepted by the Chief Executive, after consultation with the council's Monitoring Officer, then a meeting of the relevant Overview & Scrutiny committee must be arranged within 7 days of the submission of the call-in request. We are here today because a call-in request has been submitted and accepted.

At the call-in meeting, the committee will hear from one of the members who submitted the call-in request – in this instance Cllr Sykes. Once the member presenting the call-in request has spoken, they will take no further active part in the meeting, although they are welcome to observe public proceedings.

The committee will then hear from the relevant cabinet member, in this instance Cllr Alexander; and from officers if a detailed explanation of issues is necessary.

After this, committee members will have the opportunity to ask questions of the Cabinet Member to assist the Committee in reaching its decision on the call-in. The Cabinet Member may refer to officers to provide the response as they consider appropriate.

Having heard from the member requesting call-in and from the Cabinet Member and officers, and having had the opportunity to ask questions of the Cabinet Member and officers, committee members will then debate whether to accept or reject the call-in.

Members will note that one of the possible actions for the call-in committee is to refer the Cabinet decision to full Council. Just so we're clear, an O&S committee can refer a decision that has been called in to Council, but only if the committee believes that the decision was contrary to the budget and policy framework previously agreed by Council. There is no role for Council in determining call-in requests other than in this context. As today's call-in request does not suggest that the Brickfields decision was contrary to the budget and policy framework, I think it's unlikely that we'll want to refer to Council.

There are two other options. The committee can decide that the original executive decision was properly made, in which case the decision may be implemented immediately. Or it can decide that the original executive decision was not properly made and refer it back to Cabinet for re-consideration. If the committee chooses to refer the decision back to Cabinet, members must agree reasons for the referral.

It is very important for members to bear in mind that they are not being asked to debate the merits of the original executive decision. The historical decisions to close Knoll House and to redevelop the site as a specialist unit for people with Acquired Brain Injuries were made by Policy & Resources Committee in July 2021 and are not being debated today. Rather, they are being asked to consider whether the 14th May 2026 Cabinet decision was properly made, given the concerns about process outlined in the call-in request.

I appreciate that members will need some context in order to make the decision on whether to refer the decision back to Cabinet or not, but I do ask that we try to limit questions to the process of decision-making. I will stop questioners if they are veering too far from the brief of the committee.

I am also keen that we conduct as much of this meeting as possible in public session. When we come to questioning Cabinet members and officers, I would therefore strongly request that members think carefully and reserve any questions about confidential papers until there are no more questions that can be taken in public session. This is not to impede the democratic process, but rather to ensure that we do nothing that might compromise the completion of contractual negotiations.

If members do need to discuss confidential papers, this will need to be in Part 2 session. This means that the press and public will be excluded from this part of the meeting. Members have had the confidential report from the Cabinet meeting shared with them. A decision was taken by the Monitoring Officer that this report should be redacted to remove particularly sensitive information that was not considered relevant to the call-in. This is in accordance with the Council's Constitution Part 3E Point 23.3 which states that confidential documents should not be shared with scrutiny members unless this information is relevant to their enquiry.

Finally, when the committee comes to decide whether or not to refer the Brickfields decision back to Cabinet, only voting members, that is Councillors, will vote. Non-voting members are otherwise welcome to play a full part in questioning and debating the issue.

I would like to ask Cllr Ollie Sykes to introduce the call-in request. You are then welcome to stay in the council chamber and observe any or all of the public session."

2.2 Cllr Sykes presented to the committee and said "Call in rationale – risk of poor deal for council. That judgement based on reading the May cabinet paper.

There's much more to this however. Having pressed the button on the call in I got the job of going through the history, since 2019. There are many questions remaining around the decision itself and remaining uncertainties and risks. Questions about changes in the council's position over the lifetime of this project. Questions about previous assessment of risks and scheme viability. Questions about transparency and making information available for Cllrs to scrutinise. Opportunity for lesson learning.

Good news – came in under budget - £10.5m to £6.2m – lesson learning there too – how did we achieve this – are we getting our original cost estimating and risk management right?

Three areas of comment to inform scrutiny: Present decision, remaining uncertainty, lessons learned.

1. Present decision. The decision here is awarding a long lease to one RP from a shortlist of one. That RP will fulfil the Landlord function as set out in papers. BHCC will have no further financial involvement, other than repayment of capital borrowing; the point being that we have passed what has become a 'problem' to someone else. The reason for the RP to take on a lease of a building is that there is a revenue stream from rents and service charges paid by supported housing tenants. Alternatives to the recommended decision offered in the May 2026 paper are (a) BHCC manages the building (b) we find alternative uses for the building (an extraordinary option offered after all the investment in a bespoke building).
2. Areas for scrutiny on BHCC as landlord:
 - a. A leading option in historic papers was that BHCC will fulfil the landlord function, while the care and support functions would be most cost-effectively sourced from a specialist provider. Quote from 2021 BC: *There are two options for the provision of the housing management. The Council's Housing Department could manage the building and carry out ongoing repairs and maintenance. Knoll*

House is located on a BHCC estate and next to 2 sheltered housing schemes therefore there are teams and services already in the area. BHCC staff could be involved from the outset and be involved in the property development to ensure it fits with current repairs and maintenance provision. The 28 people living at Knoll House would have tenancies and the Council would receive income in rent or Housing Benefit / Universal Credit. Specialist inhouse resources would support the ongoing running of the scheme for example the Housing Adaptations Service are currently, and would continue to, assist with individually adapting the flats and Trusted Assessors would be able to make minor adaptations. This is working very successfully at Brooke Mead, another Council managed Extra Care scheme for people with dementia. Yet the present paper states 'the council has limited experience and capacity to manage a specialised supported living service with the level of responsiveness that is required'. What has changed?

- b. Soft market testing back then for the landlord function indicated interest from at least 4 RPs – how have we ended up with just one?
 - c. Reclaiming intensive housing management costs. This is an important part of the rationale for losing the landlord function to a RP and the paper states we would lose £60k /year. Quick AI query gave this result: *A council that is a Registered Provider can recoup Intensive Housing Management costs via Enhanced Housing Benefit. In fact, doing so as an RP is financially advantageous because it allows the council to claim a full 100% subsidy from the DWP. However, the council must ensure the costs are strictly property/tenancy-based, transparently costed, and that the accommodation satisfies the legal definitions of Specified Accommodation.* If we cannot in fact recoup these costs, why was this not flagged previously? Lessons learned.
 - d. S4.2 of paper. Secure tenancies for life as an issue under BHCC management. Council tenants have secure tenancies although as a council we do have the option to provide limited term flexible tenancies. Surely we have known this since the start of scheme appraisal. Are secure tenancies really an issue for the cohort of tenants Brickfields was created for, and if so why not raised before?
 - e. S4.2 of paper. Rights to succession as an issue under BHCC management. Only one of the 27 flats has space for two people – how is this an issue? If it is an issue it is not new, so why not raised previously?
 - f. Social Housing (regulation) Act 2023 and need to meet Consumer Standards. Obligation to create a specialist supported housing service. How do we support places like Brooke Mead? If this is indeed an issue, as it is new legislation – why was not flagged at the time during scheme development?
3. Remaining areas of uncertainty with the proposed way forward
- a. Best consideration. Not allowed to see part 2 papers which is a bit odd as I have signed the code of conduct as we all have. We know from the paper that the proposed award will not cover the project development costs of £6.2m. I imagine there's a loss of a few million for us. The Jan risk register said if this happened *'it would have a significant impact.'* A key question is whether we will see savings overall, as of course we still also have to repay capital borrowing over 50 years.

Question there about the interest rate – in original papers was set at 2% - now much higher of course.

- b. Best consideration. Paper states under Legal Implications: *In exercising the delegated authority to finalise the terms and enter into the lease and any ancillary documentation, Director and Cabinet Member will need to be satisfied that the requirement to obtain the best consideration reasonably obtainable continues to be met.* When there is only one offer, how can we say that is best consideration?
- c. Legal implications: Subsidy Control Act 2022. We will need to ensure compliance with this Act. From AI: Public authorities (such as local councils and devolved governments) must assess every subsidy against seven statutory principles to ensure they represent effective use of public money:
 - i. *Subsidies must be aimed at a specific public policy objective.*
 - ii. *They must be proportionate and necessary to achieve that objective.*
 - iii. *Subsidies must be designed to change the economic behaviour of the beneficiary.*
 - iv. *They should represent an efficient use of public resources.*
 - v. *They must not unduly affect competition or investment within the UK.*
 - vi. *Subsidies must avoid negative impacts on international trade and investment.*
 - vii. *Subsidies should yield positive contributions to a well-balanced economy.*
- d. Legal implications: It is proposed that the Registered Provider will be required to enter into a lease with the council with a requirement to enter into contractual arrangements with the care support provider that has been procured by the council. Further legal agreements may be required to secure use of the property for the same purposes beyond the expiry of the contract with the care provider and this will be subject to further legal advice.
- e. Risk implications. RP seeks to change use. Risk register indicates mitigation *'Appropriate covenants will be put in place to ensure that any change to the use of the building can only be carried out with the council's agreement.'* Covenants can be changed. This goes to the heart of the matter – we award a lease, lose control of the building. Is this committee happy with this mitigation?

4. Lessons learned.

- a. One unfortunate headline. Looking across all the historic papers – we had ideas on the table in 2019, 2020 – ready to go at Jan 21 – cost £1.3m, 20 beds, savings £600k /year. What we have – ready Sept 2026, savings unclear, cost £6.5m. What could have been – five years of savings at £600k /year not achieved.
- b. Transparency. Access to papers. Nothing to any committee or cabinet between July 2021 and Jan 2026. But loads happened in the meantime. Why?
- c. Risk management. What actually happened was not flagged in any early risk register. In particular concerning regulatory issues now driving us to award this lease to an RP – secure tenancies, social housing act, recouping intensive housing management costs. Why were these not spotted before? Also we overestimated costs originally – not good as prevents development.

2.3 Cllr Alexander, Cabinet Member for Adult Social Care, presented to the committee. She said that she was surprised by this call in but as happy to be scrutinised as she felt the right decision had been made. She explained what the Brickfields sight was going to be used for and the difference that it will make to residents of the city with acquired brain injuries. She said that of the 15 providers originally interested Southdown was the last remaining as the others

had pulled out for various reasons, such as the size of the scheme, the length of the lease, and the operating model. Having tested the market this was expected. She said that the 125-year lease was a condition set by Homes England for funding. She said that there would be secure covenants restricting any change of use. She explained that the council had considered running the scheme but thought that it would be too expensive, incur too much risk, and that there was a lack of expertise at the council to run such a scheme. She also explained that there was a risk that if the council were the land-lord and a resident were to no longer require the level of care needed then they could not remove the tenancy. Cllr Alexander went on to explain the financial value of the scheme, saying that although the £6.187m would not be covered that an independent red book valuation confirmed best consideration for the asset in its present use. Leasing to a registered provider could mean £500,000 annual saving. She said that if the council were the landlord there would be increased borrowing, and lower benefits income. She said that the scheme was ready to accept residents from September and that delays would have a financial impact on the council as well as an impact on potential residents.

2.4 Cllr Guilment asked why they could not open up the process again, having gone from 15 providers at the start to only one remaining. Anne Richardson-Locke said that there were a variety of reasons such as some thinking the lease was either too short or too long, for others it did not fit their operating model. She said that there was another provider that they got into negotiations with but they withdrew. She said that Southdown was committed to the city, that it was a good offer and that they wanted to work with them. Cllr Alexander said that some providers did not like that the council required the properties to be let out at council rent price.

2.5 The Chair asked if they had considered looking again for providers. Genette Laws said that they had, but that it was a niche and small market, and that they had been through reputable organisations.

2.6 Cllr Guilment asked if they had also looked at national providers. Anne Richardson-Locke said that they had looked at both national and local providers.

2.7 Cllr McNair asked about the length of the lease and if increasing it might have attracted more providers, citing the need to get best value for those paying. He also asked if they had considered increased rents to attract other providers, and who the other 14 providers were. Anne Richardson-Locke said that other providers had requested longer but then withdrew. She said that Homes England funding required a minimum of 125-year lease and also required social rent. Andy Witham said that the other providers who wanted a longer lease had other conditions for the building.

2.8 Cllr Cattell asked what was wrong with the council running the service in house. Anne Richardson-Locke said that if the council was the landlord then all of the development costs would need to be borrowed, and that the council would receive less of the Intensive Housing Management costs back. Genette Laws said that the council could only claim 60% of this back unlike a registered provider who can claim 100%.

2.9 Cllr Cattell asked what the difference was between Brickfields and the Brooke Mead Extra Care Housing scheme. Genette Laws said that cabinet had to make a decision on Brickfields in May and officers were confident that officers had made the right recommendation.

2.10 Cllr Shanks asked about previous plans to run the scheme internally, and about giving flexible tenancies. Genette Laws said that she could not speak on the previous report and that

risks had changed since then, with the current report written about the present risks. She also said that if tenants had a secure tenancy there was the issue of a partner without a brain injury inheriting the tenancy and living in a flat needed by someone with an acquired brain injury. Andy Witham said that they had explored the tenancy issue for a long time and found it very difficult and that it didn't fit with this operating model. Anne Richardson-Locke said that the original business case had two options, lease or council, and assumed it would be the council. However, going to a registered provider to secure Homes England funding needed conditions such as the 125-year lease and council rents.

2.11 Cllr McLeay asked about the borrowing and the savings around the scheme. Genette Laws said that the savings in this year's budget were £300,000, as the scheme was opening part way through the year, and would have annual savings of £500,000. She said that she had explained at cabinet that this was both a good deal in terms of the financial savings but also for the people who needed the facilities, which is why it was done quickly to avoid delays. Anne Richardson-Locke said that the interest used was 5.5%. Cllr McLeay asked if the savings would be maintained. Genette Laws said that they would.

2.12 Cllr Mackey asked about procurement and market benchmarking. Genette Laws said that they approached as many providers as possible and were left with only one standing. She said that the red book valuation showed accepting it was a good offer.

2.13 Cllr Guilment asked about the 125-year lease and if the scheme could have happened without the Homes England funding. Genette Laws said that technically it could have but it would have increased the financial pressure. She said that five years ago was a very different place financially and in the sector. She added that the decision made was based on the risks now, and that May's report updates on the Cabinet report in January. Andy Witham said that costs had gone up since 2019/2020 and that there were lots of risks.

2.14 Cllr Czolak asked about the urgency for the decision and the need for the scheme. He acknowledged that the council weren't experienced in this area and asked if this had changed. Genette Laws said that the need is still there as there were 28 flats with around 80 people who could move into them. She said that the service was very niche and that the care provider would be separate from Southdown. Andy Witham said that the relationship between the care and housing provider was important and that they would work well together and are local.

2.15 Cllr Czolak asked about the unique needs of the residents and if they can be met by Southdown. Genette Laws said that the housing decision was very different from others and fits the needs and behaviours of the residents.

2.16 Cllr Winder asked about the service model. Anne Richardson-Locke said that within the development there was space for the registered provider and the care provider ensuring 24 hour support from the care provider and that their expectations that both the housing and care provider would work to integrate the service into the local community.

2.17 Kendrick Tugwell asked about benchmarking quality of the provider. Genette Laws said that the care provider was to be separate from the housing provider and that the care provider was done under a separate procurement. She said all care providers in the city were rated by the CQC Good or Outstanding. Anne Richardson-Locke said that housing providers also had to meet the requirements of the Housing Regulator.

2.18 Cllr Mackey asked about the possibility of long-term voids and drop off in income. Anne Richardson-Locke said that there was such a long list of people that could move in that long term voids were unlikely to happen. She said that if it were to happen they could discuss potential changes with the registered provider.

2.19 Cllr Shanks asked if Brooke Mead was contracted out or if the council hired people to run the specialist service. Andy Witham said that Brooke Mead was an extra care facility and the council was the landlord with external care service.

2.20 The Chair asked about KPIs and performance management, and if there were break clauses. Anne Richardson-Locke said that there were no break clauses as it was a 125-year lease but that if they didn't meet the criteria they could look to reassign the lease.

2.21 At this point the committee moved into Part 2 proceedings.

2.22 Following the end of Part 2 proceedings the Chair said "we are ready to discuss our decision. I would like to remind members that our options are either to agree that the challenge to the decision should be taken no further and the decision should be implemented, in which case no further action is required of this committee; or to agree that the decision should be referred back to Cabinet for reconsideration. If we choose to refer back, we must agree reasons for the referral – for example, saying which aspects of the decision-making we have identified as problematic."

2.23 Cllr Guilmant stated his support for recommendation 2.1.

2.24 Cllr Shanks said that she disagreed with this but felt she would be in the minority.

2.25 Cllr McLeay said that a review in the future would be welcome.

2.26 Cllr McNair said that there were lessons to be learnt but he felt it was better to go to specialists and not have the council run the service. He said that he supported recommendation 2.1.

2.27 Cllr Alexander agreed to bringing a review in a year's time when the service will be operational and outcomes – for residents and the council - can be reported on.

2.28 **Resolved:**

The People Overview & Scrutiny Committee determine that the challenge to the decision called-in should be taken no further and the decision may be implemented

3 CALL-IN OF UPDATE ON THE HOUSING MANAGEMENT FOR THE BRICKFIELDS DEVELOPMENT

As per Part 2 Minutes.

4 PART TWO PROCEEDINGS

The meeting concluded at 3.53pm

Signed

Chair

Dated this

day of

