



Agenda

Meeting: **Overview and Scrutiny Committee**
Date: **7 December 2021**
Time: **7.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Overview and Scrutiny Committee**

The committee will consider the matters, listed below, at the date, time and place shown above. The meeting will be open to the press and public.

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>. Although unlikely, no guarantee can be made that Members of the public in attendance will not appear in the webcast footage. It is therefore recommended that anyone with an objection to being filmed does not enter the council chamber.

Although social distancing rules have been relaxed, for the safety of the public, elected members and staff, we will continue to seat members of the public approximately one metre apart. This means that there will be 13 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

All attendees at meetings are kindly asked to wear face coverings, unless they are addressing the meeting.

1. **Apologies for Absence**
2. **Declarations of Interest (Pages 3 - 4)**

Members of the committee should declare any interests which fall under

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the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Minutes (Pages 5 - 8)**

To consider and approve, as a correct record, the minutes of the meeting held on 9 November 2021.

4. **Minutes of the Finance and Performance Scrutiny Sub-Committee (Pages 9 - 12)**

To consider and approve, as a correct record, the minutes of the meeting held on 16 November 2021.

5. **Housing Asset Management Strategy (Pages 13 - 50)**

The Housing Asset Management Strategy (HAMS) is the primary document in a library of housing strategies that provide a handrail for all future maintenance and development for the HRA housing and commercial portfolio together with other non HRA properties it has responsibility for. The draft HAMS, is attached at Appendix A.

A presentation will be given to members outlining the key themes and objectives of the draft Housing Asset Management Strategy

6. **Budget Strategy 2022/23 (Pages 51 - 74)**

This Budget Strategy sets out the guidelines for preparing the 2022/23 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS). The Budget Strategy takes account of current and future financial issues, sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget in 2022/23.

7. **Otterpool Business Plan (Annual Review) (Pages 75 - 182)**

This report presents the first annual update of the strategic business plan for Otterpool Park Limited Liability Partnership (LLP). The draft updated plan provides commentary on progress achieved to date and sets out the priorities and key milestones for the LLP over the next 12-18 month period. The report is presented to Committee for feedback ahead of Cabinet considering the draft updated Business Plan in January 2022.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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Minutes

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Tuesday, 9 November 2021
Present	Councillors Miss Susan Carey, Gary Fuller, Peter Gane, Michelle Keutenius (Chairman), Terence Mullard, Patricia Rolfe, Rebecca Shoob (Vice-Chair) and John Wing
Apologies for Absence	None
Officers Present:	Kate Clark (Case Officer - Committee Services), Cheryl Ireland (Chief Financial Services Officer), Jyotsna Leney (Health, Wellbeing and Partnership Senior Specialist), Sue Lewis (Committee Services Officer), Daisy Madder (Safeguarding Specialist) and Charlotte Spendley (Director of Corporate Services)
Others Present:	None

21. **Declarations of Interest**

Councillors Rolfe, Gane and Mullard declared DPis as they are directors of Oportunitas Ltd. Dispensations have been applied.

Councillor Rolfe voluntarily declared that she is a member of New Romney Town Council.

Councillor Rebecca Shoob declared an interest as she is a director of Otterpool LLP.

These declarations were made with regard to the Budget 2022/23 item, all members remained in the meeting and took part in discussions.

22. **Minutes**

The minutes of the meeting held on 7 September 2021 were agreed and signed by the Chairman.

23. **Refresh of the Council's Children, Young People and Vulnerable Adults Safeguarding Policy**

The Council is part of the statutory safeguarding role within the wider public sector, with responsibilities to children, young people and vulnerable adults. The children, young people and vulnerable adults safeguarding policy of the Council had been updated. The Overview & Scrutiny Committee were advised that the safeguarding policy is refreshed every two years and that the changes made to the 2019 policy included new legislation and changes to practice that were incorporated in the 2021 policy.

As Councillor Jenny Hollingsbee, Cabinet Member for Communities, Lifeline, Area Officers and Street Homeless, was unable to attend this meeting, Ms Jyotsna Leney, Health Wellbeing and Partnerships Senior Specialist, read out a statement on her behalf.

Ms Leney then presented the report drawing members' attention to the changes within the policy. She also highlighted the Safeguarding page on the Council's intranet and in summing up, advised that this refreshed policy is due to be presented to Cabinet on 24 November.

Members comments included:

- Staff resources – Designated officers (DOs) are the main points of contact for any safeguarding concerns. DOs rota means that there are two officers available each day. Out of hours service is covered by Lifeline. It is hoped that a new Senior DO role will be developed which would co-ordinate DOs. It was noticed that the list of Designated officers in the policy are all female.
- A possible increase in mental health issues since Covid-19 which could mean more pressure in services. Young people and children could be affected especially when looking at returning to school. Safe Haven was mentioned which offers out of hours crisis management.
- Training – important to all and a request that members receive training also. Mandatory E-Learning for all staff with DOs receiving a higher level of training.
- Within the policy, point 6.8 Health – could this be retitled as 'Health Services'?
- Referrals and process – suggestion for a more specific process or flowchart showing how a referral is made from the process start to solution.
- When referring, can information be shared with other LAs and agencies? Where possible consent to share information is sought. Exchange of information is paramount.
- Although safeguarding concerns from the housing prevention team are not included within this policy, information on these referrals can be provided by the Housing Options team.
- Impact of the DA act on housing can be addressed by the housing team.

- County lines – wording to be added into the policy.

Members felt this was a very detailed report and policy refresh and thanked the team for bringing this to the committee.

Proposed by Councillor Peter Gane
Seconded by Michelle Keutenius

RESOLVED:

24. **That report OS/21/08 and refreshed Children, Young People and Vulnerable Adults Safeguarding Policy are received and noted.**

(Voting: For 8; Against 0; Abstentions 0)

24. **Budget 2022/23**

A presentation was provided to the group outlining the key steps of the budget setting process. It provided members with opportunities to consider proposals and input into the process as well as discussion on the public consultation. The presentation is attached to these minutes.

The Director of Corporate Services, Mrs Charlotte Spendley, confirmed that the Budget Strategy will be considered at the next meeting of this committee and the detailed budget will be presented for consideration at the sub-committee in January.

Members made the following comments:

- Full cost recovery is essential, however maybe look at some services that are deemed for the 'public good' which are not charged at full cost.
- Share good practice with other local authorities regarding income growth over cutting services.
- Noted that main income generators are Otterpool Park; Oportunitas; and Connect 38.

Members asked for more information on the consultation process as there is a very low level of interest. How can the consultation be further promoted?

The consultation consists of four open questions and is publicised on the Council website and social media. It was suggested that further promotion could be made at libraries, doctor surgeries and parish councils. However, members understood that this subject can be difficult to interpret and appetite for response of budget consultations is low. Further ideas suggested:

- Look at other LAs for promotion comparisons.
- Councillor engagement
- Utilise Zoom for resident engagement and education.

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- Possible production of short videos explaining certain aspects of the budget.
- Timing of consultation, avoid Christmas and New Year.

The Chairman thanked officers for the informative presentation.

Minutes

Finance and Performance Scrutiny Sub-Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Tuesday, 16 November 2021
Present	Councillors Gary Fuller, Peter Gane, Patricia Rolfe and Rebecca Shoob
Apologies for Absence	Councillor Connor McConville
Officers Present:	Kate Clark (Case Officer - Committee Services), Gavin Edwards (Performance and Improvement Specialist), Cheryl Ireland (Chief Financial Services Officer), Charlotte Spendley (Director of Corporate Services) and Lee Walker (Capital and Treasury Senior Specialist)
Others Present:	None

6. **Appointment of Chairman**

In the absence of this committee's Chairman, Councillor Connor McConville, a Chairman was required to be appointed for this meeting.

Proposed by Councillor Peter Gane
Seconded by Councillor Gary Fuller; and

RESOLVED:

That Councillor Rebecca Shoob was appointed Chairman for this meeting.

(Voting: For 4; Against 0; Abstentions 0)

7. **Declarations of interest**

Councillor Peter Gane made a voluntary announcement as he is a member of Folkestone Town Council which is referred to in Agenda Item 3 Half Year Performance Report 2021/22.

Councillor Patricia Rolfe made a voluntary announcement as she is a member of New Romney Town Council.

Councillors Gane and Rolfe declared a DPI as they are directors of Oportunitas Ltd, dispensations have been applied. These declarations related to Agenda Item 5 General Fund Capital Programme Budget Monitoring 2021/22.

Councillor Rebecca Shoob declared a DPI as she is a director of Otterpool LLP, a dispensation has been applied. Referred to in Agenda Item 3 and 5.

8. **Half Year Performance Report (Q1 & Q2) 2021/22**

Report OS/21/09 provided an update on the Council's performance for the first two quarters of the year covering 1 April to 30 September 2021. The report enabled the Council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan.

Mr Gavin Edwards, Policy and Improvement Specialist, presented this report and advised members of an adjustment to the figures; he noted that the KPI 'All Freedom of Information/Environmental Information Requests to be responded to within the statutory period of (20 working days or lawful extension)', the figures for both quarters had been amended due to an admin error – the correct figures for Q1 are 82.38% and Q2 is 70.56%.

Members asked questions, detailed below under the relevant Service Ambitions:

Positive Community Leadership

- Percentage of Food Premises compliant – systems problems had been encountered and members were assured this is in hand and being addressed.
- Play areas – one site per year seems low. This refers to designated priority play areas, large sites which require substantial funding.

A Thriving Environment

- Missed bins – other issues had been encountered, not just crews unfamiliar with routes.

Quality Homes and Infrastructure

- Homelessness – approaches have increased, members asked for more details of these approaches.
- Affordable homes – timeframes and delivery. The pandemic has affected delivery, Mr Edwards will come back to members with further details.
- Homelessness prevented – do the figures include clients who fail to keep in contact with the Council? Mr Edwards will provide further details.
- Members asked for further details on percentage of major planning applications determined.

Transparent, Stable, Accountable and Accessible

- Members asked for further details on Freedom of Information and Subject Access Requests and also asked about additional resourcing,

training and improvements to processes. Problems has occurred due to level of workload, redactions and dealing with complex issues. It was confirmed that there is a Council data protection officer.

- Data breaches – members were advised that one breach had been reported to the ICO.

Proposed by Councillor Peter Gane
Seconded by Councillor Patricia Rolfe

RESOLVED:

That report OS/21/09 and Appendix 1 are received and noted.

(Voting: For 4; Against 0; Abstentions 0)

9. General Fund Revenue Budget Monitoring - Quarter 2 2021/22

The monitoring report C/21/48 provided a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2021.

Members concentrated their comments on the following:

- Council Tax Collection – the decrease in income is due to the temporary stop on court action and costs due to the pandemic. Recovery action has now commenced again.
- Waste Contract - have extended staffing resources been taken into account? The main resources have come from Customer Services, however senior officers would be asked to provide information of allocation of resources.
- Would there be a plan to report officer time and resource? An exercise is underway, including discussions with Veolia.

Proposed by Councillor Peter Gane
Seconded by Councillor Patricia Rolfe

RESOLVED:

That Report C/21/48 is received and noted.

(Voting: For 4; Against 0; Abstentions 0)

10. General Fund Capital Programme Budget Monitoring 2021/22

Monitoring report C/21/45 provided an initial projection of the current financial position for the General Fund capital programme profiled for 2021/22, based on expenditure to 31 August 2021 and identifies variances compared to the latest approved budget.

Proposed by Councillor Peter Gane
Seconded by Councillor Patricia Rolfe

RESOLVED:
That C/21/45 is received and noted.

(Voting: For 3; Against 0; Abstention 1)

11. **HRA Budget Monitoring - Quarter 2 2021/22**

Monitoring report C/21/46 provided a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 31 August 2021.

Members comments included:

- Highview scheme – how close to carbon neutrality would this scheme be? Work is underway at present exploring this possibility.
- Bad debt provision is £300K in total, increased by £100K.
- Ross House – application to the Decarbonisation Fund, work to commence in latter part of this financial year.
- Capital receipts – how is this predicted? An estimate is made, at present, £1.5mn per year which equates to approximately 10 to 15 property sales per year. Members asked if previous years' figures could be provided.

Proposed by Councillor Patricia Rolfe
Seconded by Councillor Gary Fuller

RESOLVED:
That report C/21/46 is received and noted.

(Voting: For 4; Against 0; Abstentions 0)

This report will be made public on 29 November 2021

Report No: **OS/21/10**

To: Overview and Scrutiny Committee
Date: 7 December 2021
Status: Key Decision
Responsible Officer: John Holman Assistant Director Housing
Cabinet Member: Cllr Godfrey - Cabinet Member for Housing and Special Projects

Subject: Housing Asset Management Strategy

Summary:

The Housing Asset Management Strategy (HAMS) is the primary document in a library of housing strategies that provide a handrail for all future maintenance and development for the HRA housing and commercial portfolio together with other non HRA properties it has responsibility for. The draft HAMS, is attached at Appendix A.

The strategy will be considered by the Strategic Tenants Advisory Panel, along with a wider consultative group of tenant and stakeholders and where appropriate amendments made to the final HAMS which is planned to be presented to Cabinet in January 2022.

The strategy is framed around 4 objectives and will drive the investment element of the 30 year HRA business plan.

Recommendations:

- a. To note the report OS/21/10 and recommend any amendments to the draft strategy.
- b. To recommend approval of the Housing Asset Management Strategy to Cabinet.

1. Key Points from the Housing Asset Management Strategy

- 1.1 The Housing Asset Management Strategy (HAMS) sets out the Council's approach to managing its HRA property portfolio, providing the framework for the delivery of a detailed investment plan; adherence to building legislation and regulatory standards; improved energy efficiency; the introduction of digital channels; increased customer satisfaction and the use of innovative technology.
- 1.2 Early indications from the stock survey indicate that it is reasonable to assume that all routine, cyclical and planned maintenance works necessary to keep tenants safe and the housing stock in good repair can be funded directly from HRA rents with no additional prudential borrowing being required. However, it will be necessary to balance building new homes alongside the regeneration of the sheltered housing schemes and estates with the Councils attitude to risk and borrowing. To achieve its objective of Net Zero Carbon by 2050, significant additional funding will be necessary from the Government.
- 1.3 The strategy is framed around 4 objectives that support the Corporate Plan and inform the decisions on asset spend in the 30 year HRA business plan:
 - a. **Objective 1** Ensure the housing stock is safe and well maintained
 - b. **Objective 2.** Develop a social housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.
 - c. **Objective 3** Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and levels of fuel poverty by achieving at a minimum EPC rating of C by 2030 and operational net zero carbon in use¹ by 2050 for all of its housing stock.
 - d. **Objective 4** Supporting the local economy, developing skills and re-cycling the Folkestone pound.
- 1.4 Within the four objectives the HAMS identifies the following priorities:
 - a. Ensure landlord H&S is compliant at all times.
 - b. Improve the ratio of planned to responsive maintenance.
 - c. Determine the future use, design and locations of the Sheltered Schemes.
 - d. Develop and implement a fabric first approach to Net Zero Carbon.
 - e. Deliver 1000 homes by 2036.
- 1.5 Managing the property portfolio may also include the demolition and regeneration of homes that are no longer fit for purpose, uneconomic to maintain or can contribute to a larger development programme.
- 1.6 The maintenance profile indicates that there are too many reactive repairs and not sufficient planned works. This balance needs to be closer to 70:30 which will improve the service to tenants and reduced maintenance costs.

¹RICS ref to good practice.

- 1.7 The aging population of the District (18 - 60 year olds increasing by 6% and over 60 year olds expected to increase by 37% over the period 2021 – 2039) will need a different housing offer. Both issues will be discussed in separate pieces of work which are underway.
- 1.8 Through the sale of council homes, the HRA is no longer responsible for all of 'its' estates but often continues to maintain them as if they were they were. There is a need to accurately identify and apportion cost amongst those benefitting from the facilities. The HAMS also identifies the need to review the social value and approach to the management of the six commercial properties in the portfolio.
- 1.9 In support of the existing New Build Development Portfolio, a garage strategy will be developed that identifies those sites that are economic to operate and worth continued investment. Those that are not worth investing in, alternative uses should be found along with sites that maybe suitable for building new homes on.
- 1.10 The HAMS establishes the approach and milestones towards meeting 2050 NZC agenda, specifying the new build EPC standard and identifying 2030 as the target to achieve EPC C for all of the housing stock. The cost of this objective will be better understood when the stock survey is completed and the viability of the approach modelled into the HRA business plan.
- 1.11 The HAMS makes a commitment to '*as far as possible*' develop new homes to net zero carbon in use standards and ready to accommodate future carbon reduction initiatives. Where homes and schemes are refurbished similar standards will be aspired to. The intent of this clause is not to avoid achieving NZC standards but to fully understand the implications and cost before making firm commitments. The NZC standards of all future HRA new build schemes will be shared with members.
- 1.12 The building of new homes to NZC standards compounded by significant recent inflation will make the building of new homes (and major maintenance work) more expensive than historic schemes. In order to make future schemes viable the business model may need refining with longer payback periods along with the introduction of cross subsidy from other tenures e.g. outright sale, shared ownership, affordable rent in order to that homes can be provided at social rent levels.
- 1.13 Different methods of contracting are likely to require changes in the way work is procured and managed. This may mean changes to the Councils current rules and procedures. The HAMS recognises the role the HRA can play in developing the wealth and skills of the District through the engagement of local labour and local contractors which could be incorporated into future contracts.
- 1.14 The Housing Service owns and manages 11 non HRA properties that are used for temporary accommodation. Although not under the purview of the Regulator of Social Housing, it is intended that these properties are maintained to the same standards and are subject to the same inspections and reporting as the HRA homes. To do otherwise would introduce inequality to similar services.
- 1.15 Finally, the HAMS recognises that tenants are at the heart of everything that the Housing Service does and can add value to most aspects of asset management from maintenance to building new homes. This will include the digital journey which is essential to improved, timely communications with tenants, efficiency, reduced carbon and real time reporting of performance.

2. Next steps

- 2.1 To develop the HRA business plan, the five year major works programme and the 2022-23 repairs and maintenance budget based on the HAMS.

3. Conclusion

- 3.1 The HAMS is another key part in creating a firm foundation for the housing service. It will guide decisions for multi-million pound investments in the housing stock and although subject to review at least every five years, the long-term nature of the subject will influence the type and location of social housing provided by the Council for generations to come.

4 Implications

- 4.1 **Legal** (NM) - The purpose of an asset management strategy is to ensure that the Council uses and manages its housing stock to meet its needs and objectives. It is good practice for the Council to have an asset management strategy
- 4.2 **Finance** (CI) - There are no financial implications arising directly from this report. The costs of any planned maintenance works will be factored into the HRA Business Plan and annual budgets.
- 4.3 **HR** (AS) - there are no human resources implications arising directly from this report.
- 4.4 **Equalities** (GE) - There are no equality or diversity implications arising from this report.
- 4.5 **Climate Change Implications** (OF) - The works recommended in this report are in support of the Councils commitment to meet the legislative requirements under the Climate change Act (as amended 2019) and the Councils wider Net Zero Carbon targets. Overall the climate change implications arising as a result of the proposed works recommended in the report will be positive. They include:
- a. **Greenhouse gas emissions travel, construction and running of buildings** – The works recommended in this report are in support of the Councils commitment to meet the legislative requirements under the Climate change Act (as amended 2019) and the Councils wider Net Zero Carbon targets with a particular focus to improve energy efficiency within the properties.
 - b. **Resilience** – consideration has been given to a fabric first approach to net zero carbon within the buildings and ensuring that the homes are fit for purpose even for an ageing population.
 - c. **Social and economic impacts** – increasing the EPC rating and energy efficiency of the properties will result in overall reduction in carbon emissions. This can result in reduction in fuel poverty as well as improved quality in health and wellbeing of the tenants.
- 4.6 General Data Protection Regulations (GDPR) – Please cross the box to confirm that all personal data has been redacted in the report:



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Appendix A – DRAFT Housing Asset Management Strategy

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Folkestone & Hythe District Council Housing Asset Management Strategy 2022- 2027

V12 25 November 2021

Folkestone & Hythe District Council - Housing Asset Management Strategy

The vision of the housing service is: *'to create a truly excellent service - one that is digitally enabled, easy to do business with and where tenants (customers) are at the heart of everything we do'*

Objective 3 Improve the energy efficiency of the housing stock and the ways of working to reduce carbon emissions and levels of fuel poverty by achieving a minimum EPC rating of C by 2030 and operational net zero carbon in use1 by 2050 for all of its housing stock.

Objective 4 Maximise efficiency, supporting the local economy, developing skills and recycling the Folkestone pound.

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Background

1. This Housing Asset Management Strategy (HAMS) sets out Folkestone & Hythe District Council's (FHDC) approach to the management of its Housing Revenue Account (HRA) property portfolio, providing the framework for the delivery of a detailed investment plan; adherence to building legislation and regulatory standards; improved energy efficiency; the introduction of digital channels; increased customer satisfaction and the use of innovative technology.

2. The strategy is framed around four objectives and will drive the decisions on asset spend in the 30 year HRA business plan. It provides the framework around which the maintenance, regeneration and the new build of its social housing portfolio will be undertaken. It is the primary work in a library of documents that (when completed) will include:

- a. **Carbon reduction strategy¹** - this strategy will set out how the housing service will play its part in meeting the Council's commitments to the net zero carbon agenda. It will detail the overall approach, priority areas and how this work will be delivered, along with an indication of costs.

- b. **HRA housing new build strategy** - this strategy will set out what the Housing Service will build and where, together with the types of construction to be used. It will outline the delivery arrangements and the governance of schemes from inception to completion together with the golden rules of the financial appraisal. It will link with the Council's project management arrangements.
- c. **Annual major works five year delivery programme** – this rolling 5 year programme details what major work is planned to be carried out, where in the district and in which year. It will be published annually in quarter 1 each year.
- d. **Healthier Housing Strategy** (approved 2018) – this strategy identifies all tenure and housing needs across the District. The HRA will play a small part in meeting this need.
- e. **Tenant engagement strategy** (approved May 2021) - this document sets out how the Council will work with and involve its tenants in the Housing Service. The strategy has received both Council and tenants approval.

3. The Council's HRA has a property portfolio of 3,397 council homes (including 14 shared ownership homes), 211 leasehold homes, together with six commercial properties. In 2020, the Council brought its housing stock back in house, having previously been managed by East Kent Housing (EKH) ALMO² since 2010.

¹ UK Green Building Council definition of NZC in use definition: *When the amount of carbon emissions associated with the building's operational energy on an annual basis is zero or negative. A net zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset*

² Arms Length Management Organisation

4. Although this strategy is written for the Council's social housing stock³, the authority has purchased 11 homes that are used to house households in temporary accommodation. The properties are not part of the HRA, not classed as social housing and not regulated by the Regulator of Social Housing, however, as part of good governance, it is intended that the same standards that apply to the authority's social housing also applies to these properties.

5. FHDC has not previously benefited from having a Housing Asset Management Strategy and recognising this, one of the key requirements in setting up the new housing service has been to understand the nature and extent of investment needed in the property portfolio in order to produce a viable 30 year HRA business plan that will help to ensure that FHDC continues to provide safe, attractive homes in neighbourhoods where people want to live.

6. The Strategy is based on Four Priorities and supports the Corporate Plan, the Local Plan (housing and the built environment) and the Place Plan, the boundary of which includes a number of the Council's homes.

7. Where possible, the strategy has considered up-to-date knowledge of the housing stock; future expectations for social housing; the aging population of tenants along with the expectations of current and future tenants. The strategy is based on a comprehensive survey of the housing stock undertaken in 2021 that surveyed approximately 100% of the stock externally and 90% internally. It also uses population data from Kent County Council and from surveys undertaken with FHDC tenants by consultants, Campbell Tickell.

8. This strategy provides a framework for the investment in the HRA property portfolio over the next 30 years (2022 – 2052). It does not analyse costs which are addressed in the HRA Business Plan and annual budget process.

9. An action plan has been developed to oversee the delivery of the strategy.

³ FHDC owned Council Houses.

Executive Summary

10. The purpose of an Asset Management Strategy has changed significantly in the last five years. No longer is it just a guide to how the housing portfolio should be maintained and improved, it now embraces the changes in landlord compliance, in particular, significantly enhanced landlord health and safety responsibilities following the Grenfell Tower disaster; the council and government's commitment to net zero carbon by 2050; the emerging requirements of the charter for social housing residents; Social Housing white paper⁴ and the yet to be formally announced, Decent Homes 2 which is expected to deal with the wider environment beyond the home.

11. The science supporting the management of assets has also seen a sea change as data collection becomes easier and technologies more powerful, enabling models to be produced that help to predict the likely repair demands from particular tenure and property types. The development of this science is included as future work in the action plan.

12. The vision of the housing service ...*where tenants are at the heart of everything we do...* is embodied in the Tenant Engagement Strategy and their involvement is key to delivering a successful asset management strategy. Another element of the vision is *to be one that is digitally enabled and easy to do business with*, although tenants will have choice, the preferred option for delivering asset management will be digital, in terms of communication, contractor management as well as the equipment and services that are installed. As the service develops its digital offer, its first priority will be to ensure that tenants and stakeholders find it easy to do business with the service. Developed in the right way, digitisation will help to improve services; information flow; speed of transactions and reduce carbon emissions, e.g. with remote monitoring and testing of appliances rather than the need for site visits.

13. The HRA is well placed to maintain its existing housing stock in reasonable repair over the 30 year life of the HRA business plan. However, the business plan is not sufficient to deliver the combined future demands of a Decent Homes 2 programme, enhanced fire safety works, meeting the net zero carbon agenda, an ambitious new build programme along with the work detailed in the stock survey. Responding to these, demands will be addressed in the HRA business plan as the nature of the work and government requirements become clearer.

⁴ This sets out the actions the Government will take to ensure that social housing customers are safe, are listened to, live in good quality homes, and put things right when things go wrong.

14. Alongside an aging housing stock, the Housing Service will have to respond to, and learn to work with an aging population. Overall, the adult population of the District is expected to increase by 18% over the period 2021 – 2039 with 18-60 year olds increasing by 6% and the over 60 population by 37%. This change will have a significant impact on the suitability of the housing stock, what services are needed and how they are delivered.

15. Work can be planned where sufficient information is available e.g. Sheltered Schemes⁵, while making a financial provision in the business plan where the detail of future work is not yet known.

16. Responding to the priorities of the future may need changes to the Council's current procurement rules and procedures along with its ambitions to deliver only social housing without the need for cross subsidy.

Housing Asset Management Strategic Objectives

The Housing Asset Management Strategy is based on four objectives:

Objective 1 - Ensure the housing stock is safe and well maintained.

Objective 2 - Develop a social housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.

Objective 3 - Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and

⁵Particularly Win Pine House & Romney Marsh House

levels of fuel poverty by achieving at a minimum EPC rating of C by 2030 and operational net zero carbon in use (NZC)⁶ by 2050 for all of its housing stock.

Objective 4 - Supporting the local economy, developing skills and recycling the Folkestone pound.

Housing Asset Management Priorities

17. Within the objectives the HAMS has identified the following priorities:

- a. Ensure homes are safe and complaint at all times.
- b. Work towards achieving a planned: responsive maintenance programme of at least 70:30.
- c. Determine the future use, design and locations of the Sheltered Schemes.
- d. Develop and implement a fabric first approach to net zero carbon in use.
- e. Implement a new build programme to deliver the 300 homes by 2026 and a pipeline to deliver 1000 homes by 2036.

⁶ UK Green Building Council definition of NZC in use definition: *When the amount of carbon emissions associated with the building's operational energy on an annual basis is zero or negative. A net zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset'*

Corporate Ambitions and Asset Management Objectives

Creating Tomorrow Together – Corporate Plan 2021-30

Service ambition 1: Positive community leadership

Priorities in the next three years:

-  Improve physical and mental health & wellbeing
-  Safer Communities
-  Supporting & empowering our communities

Service ambition 2: A thriving environment

Priorities in the next three years:

-  Ensure an excellent environment for everyone
-  Grow the circular economy & reduce waste
-  Increase our resilience to climate change

Service ambition 3: A vibrant economy

Priorities in the next three years:

-  Reinvigorate the high streets
-  Support a vibrant & diverse business community
-  Help people access jobs & opportunity
-  Grow the skills we need for the future

Service ambition 4: Quality homes and infrastructure

Priorities in the next three years:

-  Improve outcomes & support for homeless people
-  Deliver a safe, accountable housing service
-  Digital inclusion & connectivity
-  Deliver a sustainable new development at Otterpool Park

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18. The Asset Management Strategy provides direction for the 30 year HRA Business Plan and contributes to the Council's four strategic objectives in the following way.

	Corporate Ambition	Asset Management Link
1	Positive Community Leadership	The Service contributes to this priority through having homes in neighbourhoods where tenants want to live; by managing its estates and tenancies, tackling anti-social behaviour, ensuring tenants can maintain their tenancies and the encouragement of community activities. It also facilitates and encourages tenant engagement in the work it undertakes.

2	A thriving environment	The Service is proud of its properties and the estates in which they are located, having service standards for rubbish collection, landscaping and graffiti removal, providing an attractive and clean environment. Where possible it will emulate the corporate ethos to imaginative design to new homes and ongoing maintenance, e.g. when decorating properties it will endeavour to emulate the flair demonstrated elsewhere in the district.
3	A vibrant economy	The HRA spends £4m annually maintaining its homes and has a capital programme of £14m. Where possible local approaches will be taken to ensure reinvestment of this into the local economy, recycling the Folkestone £. This approach should also reduce the carbon footprint. Examples could include supporting developing businesses and using local labour.
4	Quality homes and infrastructure	In providing and managing quality homes in neighbourhoods where people want to live the housing service contribute significantly to the physical and mental wellbeing of its tenants. Homes that are adapted to meet the changing demands of tenants and the provision of accommodation for older people all help to improve the health of the district. The HRA has ambitions to build & acquire 300 affordable homes by 2025/26 and up to 1000 further homes over the period 2025/26 and 2035/36.

External Environment

Housing Demand

19. FHDC operates in an area of high housing demand⁷, where prices (both rented and home ownership) are out of reach for many on lower incomes. The Council provides access to predominantly social rent⁸, affordable rent, leasehold, and a small number of shared ownership homes.

20. Although there are some exceptions due to shortages of affordable housing across the district, there is generally a high demand for all vacant properties. Modelling the future demand for homes will inform asset management and development decisions, in terms of the number, types and locations of properties required.

Regulation

21. Social Housing is a regulated service operating within an environment which reflects continued public sector spending constraints and welfare reform. The 'Charter for Social Housing Residents' published in November 2020 highlights the main areas of national housing policy, ensuring social housing tenants are safe in their home, have good quality homes and neighbourhoods to live in.

22. The Regulator of Social Housing (RoSH) provides oversight on all social housing intervening where failures are identified. The housing sector risk profile (published 26 November 2020) highlights the following relevant risks for all social landlord which this strategy helps FHDC to manage:

- a. Landlord compliance – all providers have an obligation to act to ensure the homes they provide are safe. FHDC have carried out significant work to ensure the accuracy of its data.
- b. Stock condition – investment should be based on a good, evidenced understanding of the overall condition of stock underpinned by up-to-date data. FHDC have completed a comprehensive survey of its stock surveying approximately 100% externally and 90% internally.
- c. Reputational risk – decisions should have regard to the expectations of all stakeholders.

23. In 2008, The UK Climate Change Act set out statutory reduction targets for greenhouse gas (GHG) emissions (these were set against a 1990 baseline and required a net 34% reduction by 2030 and 80% by 2050). In 2019, secondary legislation was passed to amend the 2050 target to a net reduction of 'at least 100%' by 2050 against the same baseline. This means that some GHG emissions will remain, but these will be fully off-set (removed from the atmosphere). The 2050 commitment means that delivery now falls within the scope of the HRA 30 year Business Plan.

⁷ FHDC waiting list had 1419 applicants as at September 2021

⁸ Social rent is determined by a rent formulae set by central Government, based on property size. Affordable rent is 80% of market rent; at FHDC this is capped at LHA level. Shared Ownership depends on the equity purchased with a minimum initial purchase share of 25% of market value.

24. As part of the wider ambition to meet the 'net-zero-carbon' challenge by 2050, the Government, through the Clean Growth Strategy, has set a target for social housing providers to attain the minimum rating of Energy Performance Certificate (EPC) C for rented properties by 2035 (2030 for 'fuel poor' households⁹). This is an important milestone towards the longer term, and much more ambitious and challenging aspiration to make all homes 'net-zero-carbon' by 2050. Without specific details, this strategy assumes all of the Council's housing stock has tenants in this category and will aim to achieve the 2030 target.

25. Energy efficiency, the eradication of fuel poverty and readiness for changing environmental technologies have all become more prevalent in the sector. This is a trend that is set to continue and is an area that will require significant investment over the course of the 30 year Financial Plan.

26. The 2020 draft Building Safety Bill sets out proposals for new building standards and regulations that will apply to new and existing homes. The Bill places a duty on landlords' to ensure the data held on assets is accurate and adequate to ensuring health and safety risks can be properly managed. The Bill proposes new requirements for building safety management and for greater involvement of residents. Additional costs and management obligations are anticipated for landlords of buildings over 18m, as well as having an impact on lower rise buildings. Fortunately the FHDC housing portfolio does not contain high rise homes and therefore the impact of the Bill is less demanding than for other social landlords. The Council does however have a large number of sheltered schemes which, because of their vulnerable tenants and possible difficulties in evacuation will be considered high risk by the HAMS.

Local Context

Overview of the Housing Stock

27. The Council's housing stock comprises 3,397 homes with houses being the largest proportion of the stock, followed by flats, (a large proportion of which are part of the sheltered housing portfolio) in blocks of two to five storeys, including 146 bedsit properties, 131 maisonettes as well as 416 bungalows. There are also an additional 211 leasehold flats and six commercial leases that include variety of sub-leases that include a restaurant and an ex-library which is currently used as a parish council office. The HRA also leases a house from the Radnor Estate that has been converted into three flats.

⁹ Fuel poverty is the condition by which a household is unable to afford to heat their home to an adequate temperature. It is caused by low income, high fuel prices, poor energy efficiency, unaffordable housing prices and poor quality private rental housing.

28. The 14 sheltered housing schemes are primarily designated for tenants over the age of 60. Much of this stock some with bed-sit accommodation is no longer fit for purpose and increasingly difficult to let. Over the life of the Business Plan, the age of the over 60 population of the district is predicted to increase by 37% and the importance of this type of accommodation will be a significant feature in future investment programmes.

30. Currently 99.9% of the Council stock meets the Decent Homes standard. The ratio of spend on planned works to responsive maintenance is 61:38 (excluding cyclical maintenance shown in table 2), which is close to the good practice minimum ratio of 70:30. The Council has approved an enhanced budget that will help address this imbalance although it will take several years to address.

Table 1 - Composition of FHDC's housing stock

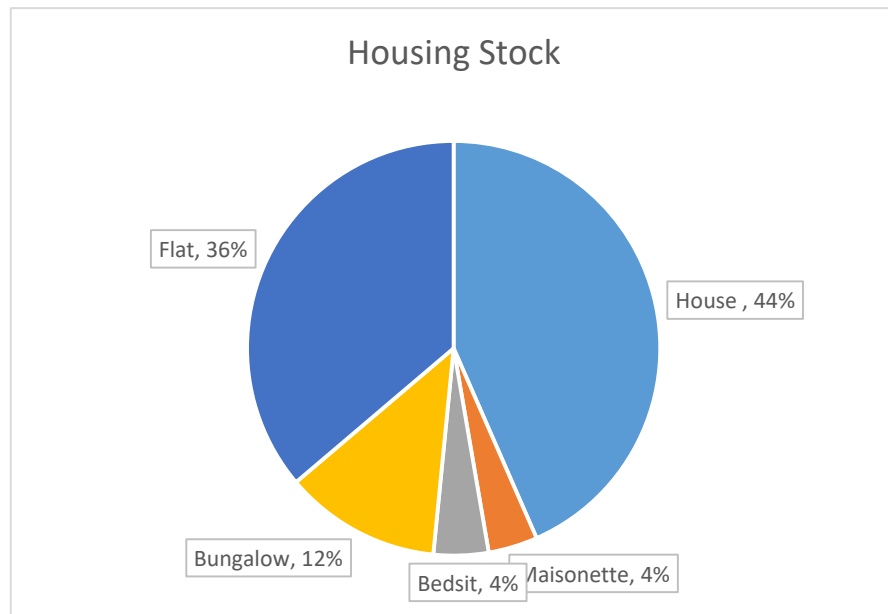
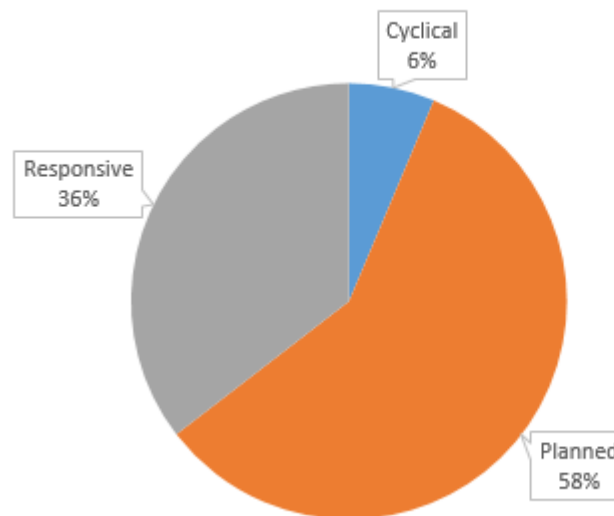


Table 2 - details how the annual budget was spent in 2020/21.

Break Down of Maintenance Categories



29. The FHDC housing stock accounts for 7% of the total housing in the district, housing associations 3%, private rented 17% and the remaining 73% are owner occupied.

31. FHDC declared a climate emergency in 2019 committing a budget of £4.75m to achieve net zero carbon by 2030. The Carbon Action Plan identified the sheltered housing stock as some of the highest energy consuming buildings in the Council's buildings, accounting for 44% of the Council's energy consumption. The Housing Service has a separate strategy to achieve Net Zero Carbon.

Age Profile of Tenants

32. Overall the adult population of the Folkestone & Hythe District is predicted to increase by 18% over the period 2021 - 2039 with 18 - 60 year olds increasing by 6% and over 60 year olds expected to increase by 37% over the same period.

33. An aging tenant population will bring increased health issues and vulnerabilities. Life time homes and adaptations will support tenants living longer but not necessarily in good health. This will mean the housing service and the property portfolio will need to cater for frailer tenants who may not be able to meet their responsibilities to look after their homes; many may need significant support due to dementia rather than physical disability.

34. The design of new and the adaptation of existing homes, to meet the aging population will be a key feature of future programmes. Properties that enable tenants to remain in their homes longer will need to embrace not just structural adaptation but also telecare products that enable remote monitoring and care. Links between housing, social services and National Health primary care will become essential as the same tenants are cared for by the different agencies e.g. potential for adult social care contributing to the cost of the building of extra care¹⁰ schemes that create a safer environment for elderly tenants and therefore reduce the cost of care provided by adult social care is a model delivered in other local authorities.



¹⁰ Extra Care Homes - homes providing supportive accommodation with 24/7 on-site care arrangements for tenants over 60 that choose to take up this type of accommodation, often as a viable alternative to entering a residential care home.

Objective 1 - Ensure the housing stock is safe and compliant at all times.

35. FHDC housing stock is generally in good condition with 99% meeting the Decent Homes standard. In meeting this standard all stock¹¹ has either a kitchen that is less than 30 years old or a bathroom less than 20 years old. All of the housing stock has central heating and double glazed windows. Some homes are not on mains gas and use oil or propane gas which is not economic for tenants nor carbon efficient. The average EPC rating for the stock is C, already meeting the government's 2030 target but there are still some 700 properties that are below this level.

36. The layout of some properties and their environs needs modernising which is best resolved through regeneration. Kitchens for example, lack the space for modern appliances and estates which are no longer in the sole ownership of FHDC have challenges with car parking, layout and maintenance of common areas.

37. The housing portfolio has 19 non-traditional residential Precast Reinforced Concrete (PRC) homes. These homes are often on large plots that lend themselves to redevelopment, building new homes to higher densities on the site. In order to assemble sufficient land, it may be necessary to buy back neighbouring properties, often sold under the RTB scheme.

38. To avoid fitting modern kitchens and bathrooms into layouts that will not be suitable for the future, the design of the properties will be reviewed when this work is planned and where possible, better layouts, e.g. create open plan arrangements between kitchen and lounge creating more attractive homes that can facilitate modern appliances and help to meet the requirement for life-time homes.

39. Where the housing stock is uneconomic to maintain or cannot be cost effectively improved or in areas where there is no demand, alternative options to retention will be explored which may include disposal, demolition and regeneration.

Garages

40. Separate from garages that are attached to individual dwellings, the Council owns 809 garages. In September 2021, 444 garages were let and 365 were vacant. There are wide variations in these occupancy levels with some locations sustaining sufficient demand while others have only low, or no demand. A garage strategy will be needed to identify the future investment priorities for this aspect of the housing portfolio.

41. Within some blocks, individual garages may have been sold and these represent a constraint to uninhibited site development and in these rare instances compulsory purchase may have to be a consideration.

42. Tailored approach will be developed for the future of garage sites that will:

- a. Identify those sites where there is an ongoing demand.

¹¹ Except where work has been refused by the tenant.

- b. Consider change of use e.g. into storage units.
- c. Find alternative uses for the garage sites where there is insufficient demand. Sites that are no longer sustainable may be considered for the development of new housing or disposal to raise additional resources. Where there is no requirement or the sites do not lend themselves for development, alternatives will be considered including surface parking, green space development, opportunities for partners e.g. Parish Council's to develop alternative uses.
- d. Where sites currently demonstrate a marginal positive return, their viability will be reviewed on an individual basis every two years. In some cases, improved marketing or minor works may improve long term viability.



Leased Properties

Commercial Stock

43. The HRA is responsible for six commercial properties. During the last five years there has been very little capital investment in these properties and currently there is no capital programme or budget. As a result, any work is funded on a reactive basis from the HRA repair budget and recharged to the commercial leaseholders. Going forward, this could result in leaseholders being presented with significant invoices for works undertaken e.g. roof works which they may not be able to afford. Internal maintenance of the demised premises, remains the leaseholder's responsibility and checks will be put in place to ensure these obligations are being met.

44. The total annual income received from the commercial stock is just under £4,000. The cost to the HRA of managing and maintaining this stock needs to be accurately assessed and recharged to leaseholders accordingly. This will include determining the income and expenditure over the next 30 years alongside the social value of the HRA having the buildings in its portfolio, e.g. the social value of a local shop.

Homes

45. A similar situation exists for the 211 residential leaseholders where there is no sinking fund for major works and in the future leaseholders will face significant bills as their contribution to major works in the blocks of flats where they live are needed.

Other Assets

46. The HRA is responsible for the maintenance of a number of other properties including properties leased¹² to other organisations and land leased to tenants, the income from which goes to the HRA. The general principle with all properties leased to other organisations should be that they produce a medium term surplus to the HRA.

47. The arrangements regarding each of these properties will be reviewed and their commercial viability and long term sustainability examined along with the affected parties.

Non HRA Homes

48. The housing service is responsible for 11 houses and flats in four locations across the district and were purchased with the help of grant(s) specifically to provide temporary homes for homeless households. In order to not exceed the grant threshold, the properties that have been acquired are old, sometimes complex buildings e.g. a large house that has been converted into flats with communal fire alarms etc. In order to provide safe homes and good governance, it is intended that these properties are managed by the HRA Assets and Development Team to the same standards as HRA properties with appropriate recharges to the general fund.

49. Future new development will include shared ownership products which will require new policies on maintenance and management to be developed where FHDC still retain an interest in the freehold.

Mixed Tenure Estates

50. FHDC is no longer the sole landlord on its estates, they are shared by a host of users and it is necessary to review the appropriateness of HRA tenants paying for the upkeep of assets that are not for their sole use, through their rents and service charges.

51. With the sale of council houses, the HRA has, by default, taken on responsibility for assets that should be the responsibility of all who enjoy the facilities e.g. the HRA is responsible for pumping stations where significant capital works may be needed in the future; roads, car parking and sewers are further examples of shared assets that historically were the sole responsibility of the HRA that are now used by home owners and other landlords and will need ongoing investment. Work will be carried out to identify and allocating responsibility or costs that are currently being met through tenants rent.

¹² E.g. fisherman's huts; 3 flats leased from the Radnor Estate.

Asset Management Programme

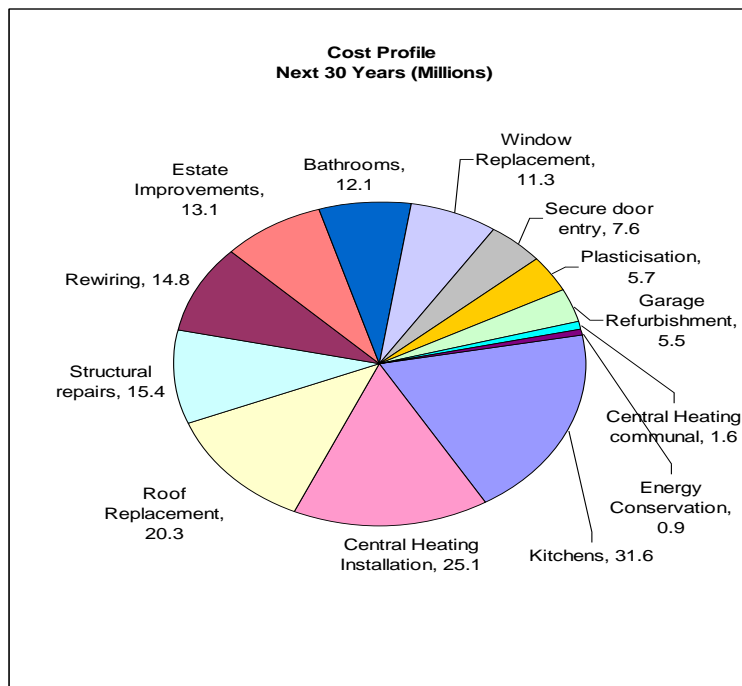
52. The business plan outlines the expected expenditure and income that the HRA needs to plan for over the next 30 years. The Major Works Programme (MWP) details the work needed over a five year timeframe detailing what work will be carried out, when and where. The MWP is the operational driver for the service and will inform tenants, leaseholders, and Right to Buy applicants what is planned for their homes and neighbourhoods.

53. A key element of this programme will be the seven year external redecoration programme. With the installation of UPVC windows and composite doors, the need for external decoration has significantly reduced. However, the importance of this cyclical programme should not be underestimated, providing the opportunity to clean and lubricate windows; clear out gutters; carry out repairs to fencing and similar external works on a cyclical basis, reducing the demand for responsive repairs.

54. Programmes of works will be smoothed, ensuring work is carried out in a priority that maximises tenant safety; the life cycle of the assets; cash flow and operational delivery. This will mean accelerating or delaying work within a plus/minus five year timescale enabling work to be combined, reduce inconvenience to tenants and maximising efficiency e.g. not painting doors and windows in a street that are due for replacement in five years' time but also taking the opportunity to renew gutters at the same time as the roof in order to maximise the use of scaffolding. This approach will need to be managed with tenants as appearances of their homes could deteriorate in the short term. As a general rule, in order to maximise the life of the asset, the preference will be to push work back in the programme, rather than bring it forward.

55. Where viable, and where possible, only one improvement will be carried out at a home within a five year period e.g. a kitchen or a bathroom. This will reduce the disruption to tenants and given the financial constraints on the HRA, deliver improvements to homes throughout the district at the earliest opportunity.

Table 3 - Main areas of planned maintenance spend over the next 30 years Amend **FOLLOWING STOCK SURVEY**



Objective 2 - Develop a social housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.

56. While detailed knowledge of the properties is essential to an effective asset management strategy, so is knowledge of the tenants who live in them, their current and future aspirations. Anecdotally, tenants who have lived in their home for some time are more satisfied than tenants taking up their first tenancies. Tenant lifestyle and their ability to look after their home has a significant impact on the number of repairs that are needed, as does the construction of the property.

57. A key aspect of place-making is understanding the current and future aspirations of tenants in order to develop thriving neighbourhoods as well as building the right homes in the right places.

58. Overall, the adult population of the District is expected to increase by 18% over the period 2021-2039 with 18-60 year olds increasing by 6% and the over 60 population expected to increase by 37%. This means that the number of people aged 75 and over will change from 1 in 10 in 2018 to 1 in 5 by 2043¹³.

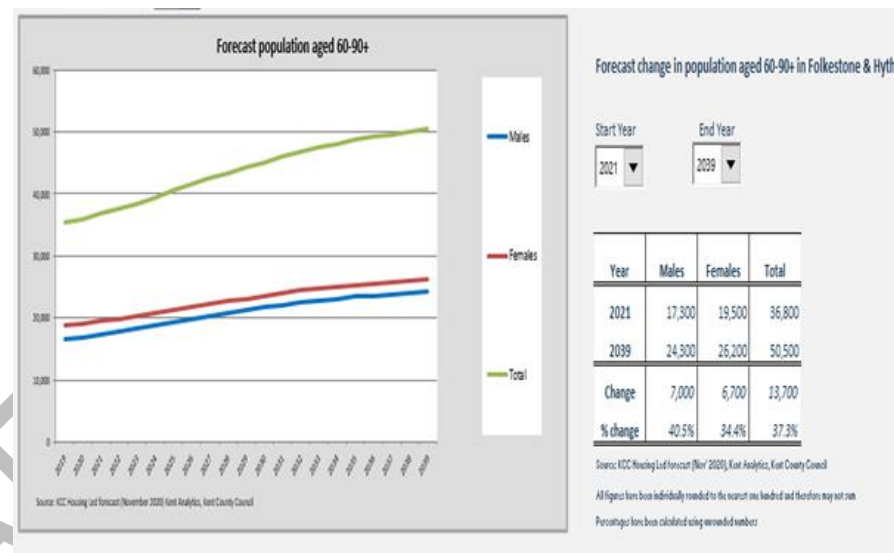
¹³ KCC data

Table 4 - Projected increase in the Folkestone District population over the period 2020-2039

Year	Total Population	Age Group		
		0-15	16-64	65+
2020	113,500	19,100	66,000	28,400
2024	117,100	18,800	67,500	30,700
2028	120,700	18,200	68,800	33,700
2032	124,300	17,900	69,200	37,200
2036	127,900	18,000	69,600	40,300
2039	130,500	18,300	70,200	42,000

Source: KCC Housing Led Forecasts (November 2020) - Interactive Population Toolkit

Table 5 – Projected increase in the over 60 adult population 2021-2039



59. National research indicates that most people will continue to live in their homes (whether owned or rented) but are likely to require support and facilities to assist them to continue doing so as they age. Where people do need to move to specialist accommodation such as sheltered, extra care or a care home, this will be when they are much frailer and/or often in response to an unplanned for event e.g. illness/accident.

60. Enabling older people to move into more appropriate accommodation, often releasing larger family homes is an important consideration for FHDC and for tenants who could have a more enjoyable and safer lifestyle in their later years. However, with an understandable reluctance to move, FHDC will need to develop an attractive 'downsizing offer' to encourage tenants to make such moves.

61. While sheltered housing is not, and will not be the preference for all older people, population demographics indicate a continued long term demand and the housing portfolio should continue to provide older people's housing accommodation that is attractive and meets the increasing demand.

62. Having an appropriate level of suitable older person's accommodation is a critical aspect of delivering the housing service in the future. From an asset perspective, this may involve a combination of conventional sheltered, extra care as well as general needs housing. Understanding the needs of an aging population, the impact of managing a service for tenants with increasing vulnerabilities together with buildings from which the services can be delivered is a key action for the Housing Service.

63. The Kent County Council market position statement on housing of the elderly identifies a need in the FHDC district of an additional 260 units of housing with care by 2026 and a further 55 by 2031. The majority of these new homes are likely to be provided by the private sector but the HRA will have a role to play in meeting this demand.

64. The Housing Service will endeavour to influence the future delivery of "Lifetime Homes" with s106 properties¹⁴ delivered by private sector developers, enabling tenants to live healthier lives and remain part of their communities longer.

Adaptations for Disabilities

65. Adapting homes is key to meeting the changing needs of the tenant, helping them to live in their homes for longer. However, where homes are under occupied, efforts will be made to encourage tenants to move to more suitable accommodation and, most likely, freeing up much needed family accommodation.

66. In all cases, a value for money judgement needs to be made comparing the work that is needed to adapt the property with the benefit it will bring. In some cases, it may be necessary to move a tenant to ensure the best responses to their needs for example, moves to a home that has already been adapted that better meets their needs or, a new purpose built home. These factors would be considered alongside the tenants wishes.

67. As adaptations are often expensive, a register of adaptations and adapted properties will be maintained. Where possible, homes would be re-let to a household with similar needs and/or to recycle adaptation equipment.

¹⁴ Section 106 (s106) agreements between the local authority and developer to provide

68. Only in exceptional circumstances will adaptations be removed for new tenants e.g. the removal of a shower and installation of a bath (when the initial adaptation was the opposite). Wherever possible, adaptations will be designed so that they can be used by all types of tenure.

Stock Sustainability

69. Not all of the housing stock is sustainable for the long-term and with some properties having poor layout or construction where long-term investment in the property may not be viable. Some of the Council's' sheltered schemes are no longer fit for purpose, being difficult to let, have high energy usage. Future options will include change of use, disposal, adaptation, remodelling and potentially demolition and redevelopment. All of which will require careful planning and discussion with tenants to ensure support for the work.

70. Where there is demand for larger homes the option to increase the size of properties, through extension, including building up on existing blocks of flats and creating rooms in the roof space will be considered. This is likely to be more cost effective than increasing the buildings footprint and more acceptable in planning terms.

Regeneration

71. Area regeneration will be considered where a neighbourhood is failing to meet tenant expectations or future viability is no longer evident. In these cases, a strategic master plan will be developed in conjunction with relevant agencies.

72. Where regeneration is to take place, a variety of delivery vehicles will be considered including mixed use development, selling or swapping land to support the viability of priority schemes, gifting land in return for nomination rights, new build social and affordable rent models.

73. Decisions about which stock is to remain, which should be demolished or be re modelled, what to build, where to build and for which client groups will be taken in the context of neighbourhood strategies and local demand. Opportunities will be provided to local residents to become involved in the process helping to shape the future of their neighbourhoods.

Development Opportunities

74. The HRA has a separate New Homes Development Strategy (to be drafted).

75. The Council has set an ambitious target to develop 300 affordable new homes during the period 2015 - 2026 and a further 1,000 new affordable new homes over the period 2025 – 2036. This will include those built at Otterpool Park, acquisitions and s106 contributions from private housing developments¹⁵.

¹⁵ The HRA Business Plan was updated in 2020 including a 4 year development pipeline of 140 new homes & will need updating in order to achieve the initial phase of 300 homes by 2026.

76. In maximising the affordability of new developments, a variety of funding options including outright sale, first time homes¹⁶, shared ownership¹⁷ life-time homes, extra care scheme, key worker accommodation and affordable rents¹⁸ will be considered. The priority will be the provision of homes for social rent¹⁹ but cross subsidy models may be necessary to deliver schemes that are viable.

77. The current financial criteria for all new HRA homes is to have a Net Present Value (NPV) of zero (break-even) over 30 years. This criteria will need to be reviewed as new schemes are designed to zero carbon in use standards and may be more costly to build and maintain. Future schemes may need to be mixed use developments combining affordable housing, shared ownership and outright sale in order to also provide homes at social rent levels. The approach and modelling parameters will be detailed in the HRA New Homes Development Strategy.

78. Consideration will be given to evaluating the HRA development programme as an entity that needs to achieve a NPV of zero overall. This approach will provide flexibility to offset schemes that do not break even with those that break even sooner.

16 First time homes are market sale product & meet 'affordable housing' criteria for planning purpose.

17 Shared Ownership - providing the opportunity for tenants who are able to do so, to move into home ownership.

18 Affordable rent is 80% of market value rent for the property. FHDC has pegged its affordable rent at the Local Housing Allowance level. Homes England may require the 80% of market rent model to be used in providing grant.

19 Social rent is the rent charged for HRA homes and is regulated by the Regulator of Social Housing. For the period 2020 - 2025 the maximum rent increase is CPI+1%.

79. Where the Council has land and buildings in the general fund that may be suitable for housing, the HRA will consider purchasing suitable assets at appropriate rates.

80. Consideration will be given to the disposal of HRA assets that do not fit the future housing portfolio due to demand or maintenance costs. This could include sale at below market rates for first time buyers prepared to invest sweat equity²⁰ in improving their first home.

81. In developing the housing portfolio, the HRA will, subject to financial viability, in addition to building its own homes, acquire homes on the open market, from housing associations as well as buying back ex-Council stock.

82. The Council has Development Status with Homes England which enables FHDC to access government grants for new development opportunities. The current HRA development programme is small and self-funded. In order deliver its development aspirations, this approach will be reviewed to maximise grants along with other funding models.

20 Sweat equity refers to a person contribution toward a venture. Generally comes in the form of physical labour, mental effort, and time.

83. Where the HRA develops new homes they will, as far as possible, be to net zero carbon in use standards and to Lifetime Homes Standards. Where this standard cannot be met approval will be obtained through the Investment Panel²¹. Where the standard cannot be met, the construction and services will be designed to accommodate future developments in the transition to net zero carbon, many of which are currently not clear and reliant on future technologies not yet developed²².

84. With the increased emphasis on reducing carbon emissions and with government support, off-site construction, (also referred to as Modern Methods of Construction (MMC)²³), will feature significantly in the New Homes Development Strategy. However, what can be built on a site is dependent on many factors and this method of construction will not be suitable for all locations.

85. It is important that FHDC decides what type of MMC it will use, enabling procurement as well as future maintenance cycles to be developed and training to be given as new skills to maintain the properties, as well as live in them will be needed.

86. Where the Council purchases homes, including through s106 agreements, it will have less choice and control over the standards of layout, thermal value than in the standards it sets for its own developments. In modelling the financial viability of any acquisitions, the cost of retrofitting the properties to meet net zero carbon in use will be part of the overall viability assessment.

87. The district has “brownfield” (former use) sites that are suitable for development. Suitable locations will be reviewed against the development priorities and available resources to decide how best to take each site forward. The vehicle to capture these opportunities is the Housing Development Portfolio²⁴.

88. In creating the critical mass necessary for development and regeneration, the purchase of land and properties may be necessary e.g. post war system build homes that have low thermal values and will be expensive achieve acceptable carbon emissions. This type of property often occupies large plots of land which, when a number are brought together can provide an opportunity to increase the density and provide better homes on the same overall footprint. This approach may include the purchase of properties previously sold under the Right To Buy (RTB) scheme.

²¹ Terms of reference to be developed. See para 121 for further details

²² E.g. the use of hydrogen

²³ Modern Methods of Construction' (MMC) is a wide term, embracing a range of offsite manufacturing and onsite techniques that provide alternatives to traditional house building

²⁴ An internal document that records potential new build sites.

89. In order to improve efficiency and resident satisfaction, building new homes and developing existing homes will adopt a Building Information Management (BIM) system approach²⁵. A Soft Landings²⁶ approach will also be introduced which requires the team to be fully aware of the project's success criteria. It also requires those required for the future maintenance of the building along with the end users be closely involved in the project, especially in the decisions which affect operation and management of the delivered building.

Objective 3 Improve the energy efficiency of the housing stock and the ways of working to reduce carbon emissions and levels of fuel poverty by achieving a minimum EPC rating of C by 2030 and operational net zero carbon in use¹ by 2050 for all of its housing stock.

90. The HRA has a separate Carbon Reduction Strategy (to be drafted).

91. In the 1970's just a third of UK homes had central heating; today 95% of UK homes are centrally heated, with gas and oil fuelling more than 90% of the UK's housing stock. The government's 2020 Energy White Paper, '*powering our net zero future*', proposes new measures to start switching home heating to low-carbon alternatives. Although existing boilers won't need to be replaced immediately, it does mean that from the mid-2030s, it will not be possible to get a traditional gas or oil boiler installed. Instead, a low-carbon heating system or an appliance that can be converted to use a clean fuel will need to be installed.

92. Systems such as heat pumps or hydrogen-ready boilers will be likely candidates to replace gas and oil boilers in the future. Against this background, the HAMS advocates careful planning, replacing boilers on a failure basis and not life expectancy in order that the most suitable appliances can be installed.

²⁵ See digital agenda, p29

²⁶ Soft Landings – a strategy to ensure transition from construction to occupation is as smooth as possible.

93. Moving towards Net Zero Carbon (NZC) will be complex and reliant on technologies yet to be discovered or commercialised. New technologies may have more expensive life-cycle costs, impacting on the HRA 30 year business plan. Careful planning will be necessary to avoid costly mistakes and abortive work. However, careful planning is not a reason for being over cautious and the roll out of electrical charging points and the requirement for contractors to use electric vehicles are realistic considerations for future contracts.

94. The Fuel Poverty Regulations 2014 required that by December 2030, as far as reasonably practicable, where people live in fuel poverty their homes have a minimum EPC rating of C. The assessment of fuel poverty varies with tenant circumstances and for simplicity the HAMS advocates planning for all homes to be retrofitted to a minimum EPC level C by 2030.

95. The Council housing stock has benefitted from a history of energy efficiency improvements. These measures have helped to achieve an average rating for the stock of EPC C and therefore the government's initial target has already been achieved. However, it still has almost 700 homes in the EPC D, E, F and G range which need to be improved along with the 11 homes purchased for Temporary Accommodation which have an EPC ratings of E & D.

96. At the moment, the Governments position on zero carbon and new build is not totally clear. There is discussion that new homes built from 2025 onwards are zero-carbon ready, including consulting on whether it is feasible and appropriate to end the connection of new-build homes to the gas grid. Similarly, proposed changes to the Building Regulations to reduce carbon emissions would, by default, prohibit the installation of gas boilers in homes build after 2025 although these changes have not yet been adopted. The HAMS makes a commitment that, as far as possible, the new homes built by the HRA will be to net zero carbon in use standards and ready to accommodate future carbon reduction initiatives. Where homes and schemes are refurbished similar standards will be aspired to.

97. Net Zero Carbon is not something the HRA can achieve²⁷ without significant additional government funding and changes to the national infrastructure, e.g. the National Grid will need to provide electricity from renewable sources in order for zero carbon to be fully achieved. Where homes meet NZC standards it may be possible (depending on future legislation) in the future to levy an increased rent or service charge (which could be offset by the reduced heating costs), which could help to fund the cost of retro fitting or building new homes to higher thermal values.

98. Individual NZC strategies will need to be developed for the various house types but in general it is expected that the approach will be:

²⁷ The assumption is made that the housing stock will not move off grid and become totally reliant on renewables.

- a. Fabric first - ensuring the roof, wall, windows etc. of homes are as energy efficient as possible.
- b. Worst first - tackle properties with the lowest EPC rating first.
- c. Lowest regrets - minimising the likelihood of having to replace work through being early adopter of new initiatives²⁸. In this respect FHDC should be a follower and not a leader of new initiatives.

99. Within the stock, there are some 300 properties that are not on mains gas and rely on either electric, oil or LPG for their heat and hot water. These properties have an EPC's ranging from E to C and will be particularly costly to run and have high carbon emissions. These properties will be prioritised for energy efficiency works.

100. A further priority will be the HRA sheltered housing schemes which are some of the highest consumers of gas in the buildings owned by the Council, overall the schemes have an EPC rating of C, with individual flats ranging from an EPC E to an EPC B.

101. Future homes will need to meet both the NZC agenda and the needs of tenants. How this will be achieved will need careful planning, for example, replacing a gas boiler with a ground source heat pump will produce less carbon but on its own, is likely to increase the energy bills for tenants due to the cost of electricity to operate the heat pump. This could be offset with increased thermal insulation and the installation of photo voltaic (PV) panels to produce electricity.

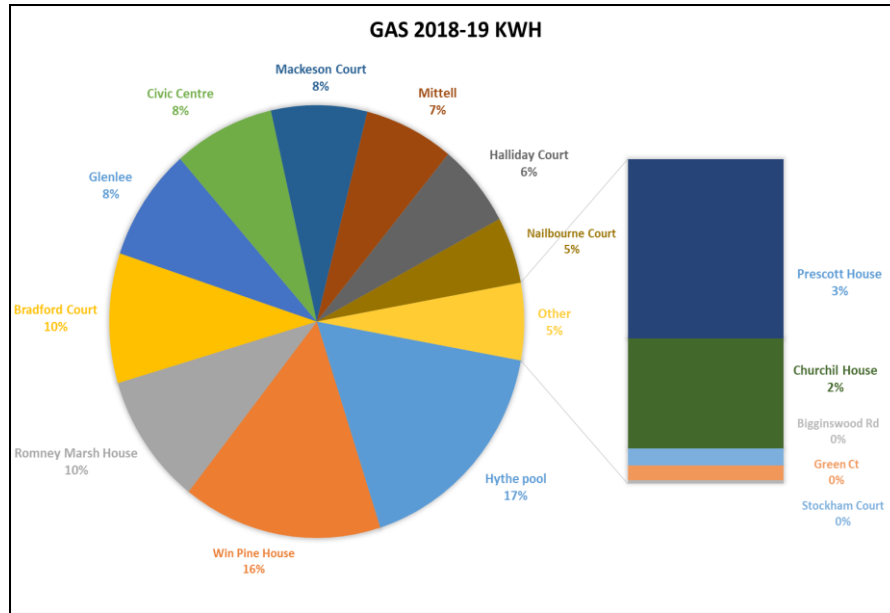
²⁸ Ground source heat pumps are currently being promoted but their impact on tenant lifestyles not fully understood.

102. It is already the case that at least 1.5C of global warming is 'locked in' and the impacts of this warming along with other adverse effects of climate change, air pollution, flooding will form part of any holistic net zero strategy.

103. Overheating is already a key consideration in sheltered housing schemes, where better insulation, draft free homes, increased use of electrical appliances all add to the problem²⁹. With global warming, this problem will increase and needs to be catered for through design and not mechanical means which will create carbon emissions.

²⁹ CIBSE define over heating as 'conditions when the comfortable internal temperature threshold of 28C is surpassed for over 1% of the time'. Temperatures above 35C present a significant danger of heat stress.

Table 6 Gas Consumption of FHDC buildings 2018-19 (total consumption 1,871,922 KWH)



104. Where it is uneconomic to retrofit properties to meet the zero carbon agenda, consideration will be given to their disposal. However, although this may be a sound economic approach, it runs the risk of further breaking up the housing portfolio and does little to address the global NZC agenda on the assumption that purchasers will not achieve net zero carbon.

105. A key approach of the asset management strategy is that work is carried out 'just in time'. With a fabric first approach to the carbon agenda. This means additional insulation would be installed where the need has been identified but the replacement of windows would only happen when the windows need to be replaced and not earlier to achieve carbon reduction targets.

106. When specifying materials, consideration will be given to the complete carbon cycle including manufacture, delivery, installation, cost in use along with the embedded carbon at the end of a products life cycle. Examples include the use of recycled products, for example, the materials in UPVC windows can be recycled several times before they become landfill.

107. The HAMS embraces modern technology and different ways of working to reduce the carbon footprint of the property portfolio. This will include remote monitoring of equipment e.g. systems that will not need an engineer to travel to site, working with tenants to diagnose repairs remotely using smartphones, video-conferencing and equipment that diagnoses and self-reports faults.

108. The NZC journey will include encouraging behaviour change and the development of new skills for staff, tenants and the contractors it works with. It will mean working with tenants to not only adapt their lifestyle to living in low carbon homes, but also their approaches to recycling and communicating digitally. On new developments, this may include the use of car pools, reducing the need for car parking and potentially creating space for more homes, green space.

109. Contractors will be required to demonstrate the same level of commitment to environmental sustainability as FHDC e.g. ensuring waste is minimised and where possible, recycled, providing environmental benefits and reducing the cost of waste disposal. In evaluating tenders, consideration of the contractor's approach to carbon reduction over the life of the contract.



Objective 4 Maximise efficiency, supporting the local economy, developing skills and re-cycling the Folkestone pound.

Supporting the Local Economy

110. Procurement of work outlined in the HAMS will, where possible, encourage the employment of labour and companies from the within the district.

111. The new build programme will draw heavily on Modern Methods of Construction which makes significant use of factory produced components, often using semi-skilled labour. Encouraging contractors to establish factories within the district to produce the required components would enable the employment of local labour, ideally tenants building HRA homes. Building local reduces the carbon miles the material and labour travels. From a business perspective, these factories could have a wider customer base, supplying some of the new homes at Otterpool Park and maybe developments in neighbouring districts. Contributing to the local economy will be a consideration when determining the type(s) of MMC FHDC should invest in.

Maximising Efficiency

112. Efficiency is not just about cost and achieving upper quartile performance. Efficiency from asset management is long-term and reliant on careful evaluation and specification of materials and construction methods. Efficiency is future proofing, it is ensuring what has been specified is delivered and installed correctly, it is replacing materials when necessary, not before.

113. Efficiency will need careful planning of maintenance programmes, not painting surfaces that are to be replaced and accepting they will not be aesthetically pleasing, undertaking only essential work on homes and estates that are identified for regeneration and accepting a managed decline.

114. The Asset Management Programme is based on the 2021 stock survey which is an indicative guide for planning and financial modelling. Life expectancy of building components are assessed visually and have wide variation in practice. Operationally, before work is undertaken, reference will be made to the Housing Service's primary database (Northgate), to determine if work is needed or whether a further inspection is necessary, e.g. the stock survey may indicate windows need replacing, but if there are no repairs reported, the need for window replacement on maintenance grounds is questionable. Future programmes of work will be based on the stock survey but determined using data from Northgate, ensuring that only work is carried out where it is needed.

115. A data driven approach to the delivery of planned maintenance programmes may result in components not being replaced until they have failed which will result in a pepper pot approach³⁰ and possible complaints but the careful use of data and planning should maximise the just in time approach to asset management.

³⁰ There may be anecdotal argument that this approach is not cost effective, economies of scale etc. that should be challenged.

Table 7 - Expected life of key building elements used in the stock survey and therefore in the HRA business plan

Building Component	Life Expectancy years
Roof – pitched	70
Roof – flat	25
Wall Structure	50
Windows	30
External Door	30
Space heating	15
Sanitary ware	40
Electrics - rewire	30

Delivering the Strategy

116. The HAMS has its own action plan that will help to deliver the strategy. Progress will be monitored quarterly by the Housing Leadership Team and to the CLT through the Service Plan monitoring. The plan identifies what needs to be done, what the expected outcome looks like, time frames and the officer responsible for delivering the action. The plan will link with and inform both the Housing Service Plan and those of other directorates. Critically, it is the basis for the Major Works Programme which details the work to be undertaken over the next five years, the current year in detail and subsequent years in less detail. This programme will be agreed annually as part of the budget setting process and shared with tenants. Significant changes in the programme will be accounted for in the HRA business plan. The Northgate database will be at the heart of planning the delivery programme.

117. The preferred approach to delivering maintenance and new homes will be to work in partnership with contractors and consultants ensuring lean structures and simple processes, avoiding duplication while retaining appropriate contract management and governance.

118. With detailed information from the stock survey, accurate programmes of work can be constructed and contracts procured against the delivery time lines. The skills necessary to deliver the programmes can be with staff or through the engagement of consultants.

119. Where possible, viable local contractors will be used to maximise local employment, develop skills, employ apprentices and invest in the district. This may need changes to current IT, procurement policies and financial rules in order to accommodate smaller contractors depending on their financial and operational capacity.

120. Regardless of size, a requirement of working for FHDC will be to have ICT compatible links to update the Northgate system that provides a digital dialogue for invoicing, contract changes and the storage of documents.

Risk Management

121. An officer Investment Panel will be established to have oversight of all commercial risks the HRA intends to undertake. As part of project management, the Panel will be a gateway through which investment proposals will need to pass at key stages e.g. approving the viability of a new build scheme; the disposal of property; the entering into of complex contracts such as Joint Ventures. The panel will initially comprise of key officers from procurement, finance and housing.

122. Governance of major projects will be exercised through a risk management approach. All aspects of contract procurement and delivery will be the responsibility of individual officers. Contractors will be required to demonstrate both independent and joint approaches to Quality Control, in this way improving health and safety compliance and performance reporting.

123. In addition to the routine audit programme, the critical areas of landlord compliance (the big 6) will have a four line control of risk as follows:

- a. Engineers qualified to carry out work
- b. Contracting companies employ their own quality control
- c. FHDC employed quality control
- d. A third party independent scrutiny of works. It is intended that this will be a single expert company

providing scrutiny across all of the big 6 areas of landlord compliance.

124. The caretaking service will have an increased role in carrying out minor repairs.

125. Redevelopment of estates and properties will be driven by the ability of the housing portfolio to meet demand as well as the economic viability of the existing stock. In crafting the Major Works Programme, the economic viability of managing and maintaining individual stock will be evaluated across the district and investment decisions made to retain, improve or dispose of stock.

Void Properties

126. A key element of having sufficient housing is how quickly homes are re-let after they become vacant, ensuring homes remain vacant for as shorter time as possible. On average, there are around 200 voids annually, at any point in the year 6% of the stock is in the process of being re-let.

127. The approach to void properties and day-to-day repairs will be reviewed, encouraging contractors to complete work quickly and 'right first time' developing timed appointments in exchange for more flexible works scheduling including evening and weekend working. Where major works are required, the priority will be to let the property and agree a works programme with the incoming tenant, providing tenant choice on what is to be done and when.

Involving Tenants and Stakeholders

128. Co-regulation requires landlords and tenants to work closely in scrutinising the delivery of standards and local offers. This is a key element of the Housing Services vision and a requirement of the Regulator of Social Housing.

129. Tenants are, and will increasingly be involved in shaping service decisions. The mechanisms for this are outlined in the Tenant Engagement Strategy.

130. The preferred method of communication with tenants will be digital, maximising the website, email, text and social media to improve and extend the services provided. Electronic communication is easier, cost effective and more responsive to changing circumstances. Where practical, each tenant will be given a choice over how they receive communication.

131. Councillors will be kept informed of all major works programmes through the annual asset plan and specifically, when a contract starts in their ward.

132. Tenants will be involved in the work programme and when work is scheduled for completion to their home. During major capital schemes, tenants will be supported by Customer Liaison Officers which will be a requirement of, and paid for through the contract.

133. Creating ownership of communal areas is often difficult. Where there is interest a 'responsible tenant' programme will be developed where a tenant(s) e.g. in a block of flats becomes the point of contact for access and monitoring of works in communal areas. With 180 blocks of flats this could be a major undertaking but worthwhile. The payment of out of pocket expenses would be considered.

Keeping Stock Data up-to-date

134. The information on the housing stock is stored in the Northgate management database and is up-to-date in 2021, when the stock survey completed. Having invested in this comprehensive survey it is important that the information is kept up to date when the following happens:

- a. If there are any major changes to a buildings elements, e.g. new windows are installed, adaptations undertaken, room numbers change.
- b. If work is carried out at change of tenancy e.g. new kitchen is installed.
- c. As a result of surveying year one of the five year major works programme where it is found that work is not required and a new remaining life cycle date is needed.
- d. As a result of any survey carried out as part of the tenancy audit e.g. the tenant may have carried out changes without approval.

- e. As part of an annual programme that ensures 20% of the property portfolio (including the above) are surveyed annually commencing in 2024.

Impact of the Strategy

135. Services will be transparent and accountable. Performance and works programmes will be published. New opportunities will be developed for tenants to be involved in commissioning services to their homes, including choice of kitchen colours and layouts and the option to pay for additional work e.g. kitchen units or additional tiling at contract rates.

136. The effectiveness of the work undertaken in terms of cost and customer satisfaction will be benchmarked through HouseMark where the expectation will be to achieve upper quartile performances by 2025 in the following key areas:

- a. Customer satisfaction with the overall housing service
- b. Customer ability to influence the service
- c. Customer satisfaction with repairs
- d. Value for money

The Digital Agenda

137. Being digitally enabled is part of the vision for the Housing Service. The Asset Management Strategy is underpinned by the Northgate database that holds stock condition information; surveys; completion information; guarantees; repairs; decency records etc. It also needs to be able to access operating manuals, pictures of the housing stock and future work programmes.

138. Through the Council's customer portal, 'My Account', information will be made available online to tenants e.g. details of asbestos in their home, details of when work is planned for their home. Northgate informs all relevant decisions on planned investment and maintenance. The integrated approach of Northgate allows key housing management data/information to be linked with asset management data and shared across the organisation as well as with contractors who will also be able to update the system providing real time data.

139. Where needed, cloud based systems may provide agile reporting solutions. In all instances, software solutions used by the Council and its partners should synchronise seamlessly with Northgate and not rely on work around solutions.

140. As part of the management of new build and major refurbishment projects, Business Information Modelling (BIM) software will be used for creating and managing information on a construction project throughout its whole life cycle. Using BIM will ensure construction data, materials, operating manuals are filed in a single accessible location³¹.

Responsibility of Delivering the Strategy

141. In order to deliver the strategy and secure the impact sought, an action plan has been prepared which pulls together the various tasks that need to be undertaken to deliver each of the priorities set out in this HAMS, providing brief details of the work needed, assigning of responsibility and a target date for completion.

142. The Council's Chief Officer for Housing and Lead Officer for Housing Assets and Development has overall responsibility for the ongoing development of this strategy and ensuring it is delivered successfully.

Equality & Diversity

143. The Council values and respects the wide variety of people from diverse backgrounds, cultures, beliefs and lifestyles who are part of the community it serves. As such, the housing service is constantly trying to improve its knowledge and understanding of the demographic profile of its tenants to ensure that new and existing services reflect the needs of the communities it serves.

³¹ One of the findings from the Grenfell enquiry was that organisations had limited records of the construction, materials and operation of their buildings.

144. In certain circumstances, the standard works may not meet the particular needs of some individuals or the way in which the works are programmed may not be consistent with their lifestyle. The service will try to accommodate requests for flexibility.

145. Contractors and partners will be expected to demonstrate a similar understanding and approach to the diverse make up of our tenants.



Review of the Strategy

146. The strategy and progress on the action plan will need to be reviewed annually. Any alterations that may be required for operational reasons will be agreed by the Lead Officer for Housing Assets and Development in consultation with the Chief Officer for Housing. Substantial changes will not be authorised without appropriate tenant involvement and CLT consideration.

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This Report will be made public on 29 November 2021



Report Number: **OS/21/11**

To: Overview & Scrutiny Committee
Date: 7 December 2021
Status: Key Decision
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader of the Council

SUBJECT: BUDGET STRATEGY 2022/23

SUMMARY:

This Budget Strategy sets out the guidelines for preparing the 2022/23 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS).

The Budget Strategy takes account of current and future financial issues, sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget in 2022/23.

REASONS FOR RECOMMENDATIONS:

- (i) The Budget Strategy provides the framework for compiling the detailed 2022/23 budgets;
- (ii) The Budget Strategy will support the delivery of the MTFS; and
- (iii) The Budget Strategy enables the publication of initial proposals, timescales and provides details of the arrangements for consultation as required by the constitution

RECOMMENDATIONS:

1. **To provide feedback on the proposed Budget Strategy for 2022/23 ahead of its consideration at Cabinet**

1. INTRODUCTION

- 1.1 The Cabinet are required to publish initial proposals and a timetable, as well as provide details on the arrangements for consultation ahead of the budget framework itself being considered.
- 1.2 This Budget Strategy covers those requirements, setting out the initial proposals and a timetable that will be used to inform the setting of the detailed budget for 2022/23. The Budget Strategy is consistent with the direction and objectives of the updated MTFS.
- 1.3 The MTFS and Budget Strategy are aligned with the council's strategic financial objectives, which are:
- To maintain a balanced Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
 - To maximise the council's income by setting fees and charges, where it has the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs.
 - To ensure a long term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
 - To set a rate for Council Tax which maximises income necessary for the council to deliver its strategic objectives but ensures that government referendum limits are not exceeded. The percentage increase will be reviewed annually.
 - To ensure resources are aligned with the council's strategic vision and corporate priorities.
 - To safeguard public money and ensure financial resilience.
 - To maintain an adequate and prudent level of reserves.

2. CURRENT FINANCIAL POSITION

- 2020/21 General Fund Budget Outturn
- 2.1 The final contribution to the General Fund Reserve was £3.4m. This included a net transfer to Earmarked Reserves of £2.9m compared to a budgeted use of £3.6m.
- 2.2 Over recent years, Folkestone & Hythe has established a good track record of maintaining a healthy reserves position. This enables the council to have greater stability and resilience for dealing with current and future financial challenges and uncertainties.
- 2021/22 Forecast General Fund Budget Outturn
- 2.3 The Quarter 2 General Fund Revenue Budget monitoring for 2021/22 was reported to Cabinet at its meeting on 24 November 2021. There is a projected favourable variance of £511k for the year against the latest approved budget. The reasons for the variance are detailed in the monitoring

report and relate primarily to increased interest income and lower interest payable resulting from better than anticipated interest rates and increased parking income following quicker than anticipated recovery from the pandemic.

- 2.4 The Quarter 2 HRA Monitoring for 2021/22 was reported to Cabinet at its meeting on 24 November 2021 and sets out the projected outturn for HRA revenue and capital expenditure for 2021/22. The projections, based on actual expenditure and income to 31 August 2021, show there is a projected decrease in net expenditure of £1.2m on the HRA and an underspend of £1.6m on the capital programme against the £14.4m latest budget.
- 2.5 The latest projection for the General Fund capital programme in 2021/22 was also reported to Cabinet at its meeting on 24 November 2021 and it shows a reduction in planned capital expenditure of £22.7m against the latest budget. The main reason for the reduction is the re-profiling of Princes Parade Leisure Centre, Greatstone Holiday Lets scheme and Biggins Wood Commercial Development until 2022/23.

Government Funding

- 2.6 In February 2021, the Secretary of State for the Ministry of Housing, Communities and Local Government announced the final local government finance settlement 2021/22. This announcement followed on from consultation on the provisional settlement.
- 2.7 The main points of note from the settlement relevant for this council are as follows:

	2020/21	2021/22	Change
	£'000	£'000	£'000
Settlement Funding			
Revenue support grant	0	0	0
Baseline funding	3,733	3,733	0
Settlement funding assessment	3,733	3,733	0
Reduction in funding compared to 2020/21	n/a	0%	0%

New Homes Bonus

- 2.8 The settlement announcement included no changes to the New Homes Bonus scheme methodology or distribution. In addition to funding legacy payments associated with previous allocations, the Government announced that allocations for 2021/22 would follow the approach taken in 2020/21 with a new round of in-year allocations for 2021/22 which will not result in legacy payments being made in subsequent years. The NHB baseline was maintained at 0.4% and only growth above this level will attract NHB payments.
- 2.9 The council currently receives £836k in NHB payments with all of this funding being used to support services. The remaining balance of previous allocations are set aside within a reserve to fund the additional cost of services.

Spending Review and Autumn Budget 2021

- 2.10 For the past two years the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year given the COVID-19 pandemic. However, in September the government announced its intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25.
- 2.11 SR2021 was announced on 27 October 2021 and represents the first return to multi-year statements since 2015. It focuses on the following key themes:
- Investing in growth
 - Supporting people and businesses
 - Building back greener
 - Levelling up
 - Advancing Global Britain
 - Seizing opportunities of Brexit
- 2.12 Local Government's Core Spending Power will increase by £3.3bn (3.4%) in 2022/23 which includes:
- New grant funding for local government of £1.6bn in 2022/23 (worth £4.8bn over the next three years). Details of how this funding will be distributed and which services it will be allocated to will be confirmed in the provisional settlement.
 - A core Council Tax referendum principle of up to 2% (maintained from 2021/22) with an additional 1% per annum flexibility for social care authorities to increase the Social Care Precept.
 - Small Business Rates multiplier will be frozen again in 2022/23 (instead of increasing by CPI) but local authorities will be fully compensated through a section 31 grant.
 - Retail, Hospitality and Leisure business rates relief will be extended at 50% for 2022/23, subject to a £110,000 cash cap. These reliefs will continue to be fully funded by government.
 - The conclusion of the business rates review which, from 2023, will include 3-yearly revaluations and new investment reliefs to encourage green investment and premises improvements with any increase in rates payable delayed for 12 months.
 - £3.6bn additional funding will be made available over 3 years for social care reform to implement the cap on personal care costs and the changes to the means test.
 - Investment in affordable housing, with £1.8bn added with a view to delivering £10bn of investment during the Parliament, and 1m new homes in the SR2021 period. Of this, £300m will be distributed to local authorities (and mayoral combined authorities) to support the development of smaller brownfield sites.
 - Adjustments to the regime for Right to Buy receipts with authorities now allowed to spend these over a longer timeframe (increasing to five years from three years), to pay up to 40% of the cost of a new home (up from 30%), and to allow them to be used for shared ownership and First Homes.

- The public sector pay freeze will not continue, and the intention is to return to the usual system of independent pay commission recommendations for ‘fair and affordable’ pay rises over the whole Spending Review period. The minimum wage will be increased to £9.50 per hour, accepting the Low Pay Commission’s recommendation.
- £560m announced for youth services and £850m over the SR2021 period for cultural and heritage infrastructure.
- Other funding announced included £38m to be made available to support authorities with cyber security and £35m to strengthen local delivery and transparency, though some of this will be required to set up the new Audit Reporting and Governance Authority as a new system leader for local audit.
- The Spending Review also confirmed allocations for the first round of bids from the Levelling-Up Fund (£1.7bn out of the £4.8bn total).

2.13 There was no announcement about local government funding reforms (Fair Funding Review or business rates reform) and no announcements on New Homes Bonus. These are expected to be included within the provisional settlement.

2.14 The Provisional Local Government Finance Settlement is anticipated to follow the Spending Review announcement in mid-late December. Any financial impacts arising from the announcement will be built into the draft detailed budget papers being presented to Cabinet in January 2022.

3.0 FINANCIAL FORECAST

Medium Term Financial Strategy (MTFS)

3.1 The MTFS is the council’s key financial planning document. It links the council’s strategic priorities with the financial resources required to deliver them. The MTFS covers a four year period, providing the context and framework within which the Budget Strategy is prepared, and considers the implications of the council’s approved priorities. It also takes in to account the uncertainty surrounding the financial climate that the council is working within. The MTFS is updated each year, most recently in November (Cabinet report C/21/52).

3.2 The current MTFS forecasts a cumulative funding gap of £5.8m over the lifetime of this MTFS. This is based on a 2% annual council tax increase for the period of the MTFS. These will be subject to political decisions at the appropriate time. The table below shows the cumulative deficit over the period of the MTFS.

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Forecast Deficit	1,596	4,155	5,088	5,752

3.3 The current MTFS forecasts a deficit of £1.6m in 2022/23. This Budget Strategy explains the assumptions underlying this forecast (section 4 below) and proposals for addressing next year’s funding gap (section 5 below).

Reserves

- 3.4 Total General Fund reserves at 1 April 2021 amounted to £27.4m, of which £3.8m was held within the General Reserve. The table below shows projected reserves at 31 March 2022 before any application towards new budget growth or initiatives.

Description of Reserve	Balance 1/4/21 £000	Forecast Balance 31/3/22 £000
General Reserve	3,822	4,333
Earmarked Reserves:		
Business rates	2,723	1,902
Invest to save	-	-
Carry forwards	691	567
IFRS	8	5
Vehicles, equipment and technology	283	317
New Homes Bonus initiatives	2,341	1,997
Corporate initiatives	598	69
Maintenance of Graves	12	12
Leisure	547	447
Otterpool Park	-	-
Economic Development	1,991	1,799
Community Led Housing	365	310
Lydd Airport	9	9
Homelessness Prevention	488	586
High Street Regeneration	2,070	1,054
Climate Change	4,946	4,600
Covid Recovery	6,501	300
Total Earmarked Reserves	23,573	13,974
Total General Fund Reserves	27,395	18,307

4.0 BUDGET ASSUMPTIONS

- 4.1 Appendix 1 explains the changes between the 2021/22 approved budget and 2022/23 budget forecast that have been taken into account in the MTFs. These changes comprise:

	£'000
2021/22 Net Approved Budget (balanced budget)	0
Inflationary Pressures 2022/23 (net)	663
Corporate Funding Changes 2022/23 (net)	441
Service Changes 2022/23 (net)	(536)
Net Movement in Contributions To/(From) Reserves	1,028

MTFS Funding Assumptions 2022/23

- 4.2 Income from Business Rates is based on last year's estimates, pending a full review. The MTFS shows a 1% increase compared to 2021/22, largely reflecting the assumption not to budget for significant growth in 2022/23 given the uncertainties that remain following the impact of COVID-19. This area remains volatile with an uncertain position on growth and outstanding appeals.
- 4.3 A council tax increase of 2% has been assumed pending the final decision by Full Council in February 2022. Further detail in the Spending Review and the Local Government Finance Settlement is awaited to confirm the maximum increase for 2022/23 without requiring a referendum. A council tax base increase of 0.5% and a balanced Collection Fund have been assumed for 2022/23.
- 4.4 Continuation of current New Homes Bonus receipts but no new monies from 2022/23 due to uncertainties around the awaited provisional settlement.

MTFS Expenditure and Income Assumptions 2022/23

- 4.5 Additional unallocated net employee costs amount to £469k in 2022/23, covering the estimated costs of an assumed salary award at 1.5%, salary increments and the impacts of the local government pension fund valuation.
- 4.6 Contract inflation of £184k has been included in the non-pay budget forecast based on prevailing inflation rates within existing contracts.
- 4.7 An increase of 2% has been assumed in relation to the Internal Drainage Board levy.
- 4.8 Net Interest forecasts a decrease of £614k compared to the 2021/22 estimate.
- 4.9 Fees and charges income assumptions are based on current budgets and existing policies, adjusted for proposed changes as detailed in the Fees & Charges 2022/23 report to the December meeting of Cabinet.

5.0 2022/23 BUDGET PROPOSALS

- 5.1 The council will continue to use a range of approaches to address the deficit in the short and medium term, including:
- Reviewing the level of council tax
 - An annual review of fees and charges
 - Pursuing alternative income streams
 - Continuing the use of digital technologies to transform services
 - Exploring appropriate commercial opportunities
 - Growing the local economy

- Reviewing all services to generate efficiencies
- Containing new budget pressures within allocated resources, and
- Considering the use of reserves to help manage year on year variations in income and expenditure.

Budget Growth 2022/23

- 5.2 Service heads and budget managers were asked to identify any unavoidable budget growth items that were necessary to ensure future service sustainability and address unavoidable budget pressures. These total £434k and are detailed at Appendix 2. Further to the proposed £434k is a further £444k for IT developments, officers are currently exploring if any of these costs could be met utilising flexible capital receipts. The current growth proposals are draft, and further work is underway both in respect of the use of capital receipts to support the proposed IT developments required and further consideration of the resource requirements for Otterpool Park.

Budget Savings and Efficiencies 2022/23

- 5.3 Service heads and budget managers were also asked to identify any savings items and a rigorous review of the 2021/22 base budget and previous years' outturns has been undertaken by departments in liaison with CLT. This review identified net potential savings and efficiencies of £808k.

Fees and Charges 2022/23

- 5.4 A review of fees and charges has been undertaken and the outcome has been included in a separate Fees & Charges report to this meeting. The proposed changes to fees and charges are anticipated to increase net income receipts by £240k.

The increase comprises:

Increased income	£
Street Naming & Numbering	3,180
Parking (Off-Street)	170,470
Parking (On-Street)	53,970
Licensing	6,080
Caravan Licensing	1,400
Housing (HMO Fees)	5,000
Other	100
Total	240,200

Forecast Budget Deficit 2022/23

- 5.5 Based on the work undertaken to date, the latest forecast deficit is set out below. Members should note that this position is draft and will change as more detail becomes available.

	£'000
Forecast deficit – November 2021 MTFS	1,596
Add: budget growth proposals	434
Less: further savings and efficiencies	(808)
Less: increase in income generated	(240)
Revised Forecast Deficit 2022/23	982

5.6 As noted above there is further growth of £444k related to ICT developments. Options for addressing the forecast deficit for 2022/23 are now being considered in preparation for the detailed budget report to Cabinet in January and will take into consideration:

- Any new factors affecting local government funding arising from the Government funding settlement announcements in late December
- Collection Fund surplus/deficit assumptions, with reference to the latest in-year collection performance
- The outcome of ongoing work to review the revenue budget savings and growth proposals at Appendix 2
- Exploration of alternative funding options, and
- The action that is being taken to address the residual budget gap.

6.0 HOUSING REVENUE ACCOUNT (HRA)

6.1 This Budget Strategy does not explore the Housing Revenue Account further as the council approved on 19 February 2020 a revised HRA business plan for the period 2020 to 2050. This included the impact of the new rent guidance announced in February 2019 allowing rents to increase by CPI + 1% for 5 years from 2020/21 as well as the continuation of the new build capital programme which was updated to deliver a further 1,000 homes over the ten year period from 2025/26 to 2034/35 and a capital investment of £10m into existing housing stock.

6.2 Since the HRA Business Plan was approved the COVID-19 pandemic hit in March 2020 which will have an unforeseen impact on the delivery of the new build programme. In addition the Housing Service was brought back in-house in October 2020. A thorough stock condition survey is being carried out on existing HRA housing stock to inform the Asset Management Strategy and capital programme. It is anticipated that the HRA Business Plan will be updated in early 2022 once this work is complete.

6.3 The detailed 2022/23 HRA revenue and capital budgets that will be submitted to Cabinet in January 2021 will be based on the latest review of the revenue and capital position taking into account known impacts of COVID-19 and outcomes from the stock condition surveys.

7.0 CAPITAL PROGRAMME

7.1 As part of the Budget Strategy, Cabinet is asked to consider the proposals for new capital schemes to be included in the council's General Fund Capital Programme for 2022/23. Any new capital scheme to be included in the programme will need to contribute to the objectives set out in section 1.3 of this report. New General Fund capital scheme proposals of £300k for 2022/23 are shown in Appendix 3 to this report. Additionally the council's General Fund Medium Term Capital Programme (MTCP) will need to be updated to include recurring schemes planned to continue over the 5 year period to 2026/27.

7.2 Capital Receipts – the existing MTFs states that a minimum of £500k in capital receipts must be retained as a contingency to meet urgent or

unforeseen capital expenditure. The council's general policy is that only capital receipts received should be earmarked to fund capital projects. The only departure from this is ring-fencing the use of future repaid decent homes loans and home safe loans receipts to be reinvested in further private sector housing improvement loans. The latest position regarding the council's available capital receipts to fund capital expenditure, based on the initial capital budget monitoring for 2021/22, is shown in the following table:

Capital Receipts Position Statement	£'000
Receipts in hand at 30 September 2021	(9,879)
Less:	
Committed towards General Fund capital expenditure	2,545
Committed towards HRA capital expenditure	5,510
Ring-fenced for specific purposes	78
Contingency for urgent or unforeseen capital expenditure	500
Balance available to support new capital expenditure	(1,246)

- 7.3 Over the term of the MTFs the council expects to receive further capital receipts which it could choose to use to fund its future General Fund capital expenditure plans or retain for investment purposes. This excludes 'Right to Buy' disposals of council dwellings where the retained element of capital receipts are required to be reinvested directly in local social housing initiatives.
- 7.4 Other Capital Funding Sources - in addition to the available capital receipts, the council can choose to use its revenue resources (earmarked revenue reserves and balances) or consider prudential borrowing to fund its General Fund capital expenditure plans. Prudential borrowing will incur a revenue cost to the General Fund in terms of interest and a minimum revenue provision charge (MRP). Therefore, prudential borrowing is best suited to capital 'invest to save' projects, such as Otterpool Park, Connect 38 Offices, Oportunitas Ltd and the Biggins Wood Commercial development, that will provide a net long term financial return to the council allowing for these costs. The current approved MTCP requires about £99.6m of prudential borrowing to support it, some of which will be off set in time by external funding.
- 7.5 Any capital scheme included in the approved capital programme requiring external grant funding to support it will only be allowed to commence once a formal funding agreement has been established between the council and the relevant funding body.
- 7.6 The proposed growth for the Capital programme does not at this stage include provision for the Council's Levelling Up Fund bid. The district has been identified as a priority area and the Council is currently developing its bid proposals, in line with previous decisions taken. The bid is anticipated to be submitted in summer 2022, and will be subject to a separate decision at that time. The Capital Programme is a fluid 5 year rolling budget and therefore it is proposed to consider growth to the programme in respect of the Levelling Up Fund bid once it has been further developed.

8.0 THE BUDGET TIMETABLE

- 8.1 By early March each year the council is required by law to approve its budget (revenue, capital and HRA) and council tax levels for the forthcoming year. The Full Council meets in February to do this. Advance notice is given in the publication of key decisions to be made.
- 8.2 Detailed guidance on the annual budget preparation process was circulated to officers in September 2021. This guidance covered roles and responsibilities; the links between finance and service planning; expected standards and approach; and the timetable for preparing the 2022/23 Budget.
- 8.3 The 2022/23 Budget timetable is attached at Appendix 4.

9.0 BUDGET CONSULTATION

- 9.1 There is a duty under section 65 of the Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure, including capital expenditure, prior to calculating the council tax requirement under S31a (England) of the Act.
- 9.2 The objectives for consultation on the 2022/23 budget proposals are to:
- Engage with key stakeholder groups and local residents;
 - Seek feedback on specific budget proposals for 2022/23; and
 - Seek feedback on general spending and income generation priorities.
- 9.3 This will be achieved through making budget information available to the public, inviting feedback and meeting with representatives from the business community.
- 9.4 Following the November meeting of the Overview and Scrutiny Committee it is proposed that in addition to the publication of a survey to seek stakeholder views which will be available on the website, promoted through social media channels, that we will also seek to promote the survey through noticeboards in libraries and community hubs to engage those who do not have access to social media. The Council will also seek to develop a short video to further explain Council Tax and the services provided that it supports. Furthermore, we will be ensuring all Councillors have the relevant information to directly engage with their constituents and provide a route for feedback to be provided.

10.0 RISK MANAGEMENT ISSUES

- 10.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process and was most recently

Perceived risk	Seriousness	Likelihood	Preventative action
			refreshed in November 21.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.
Budget strategy not achieved.	High	Low	The budget making process is controlled closely with regular reconciliations and updates made.
Incorrect assessment of Local Government Finance Settlement impact.	High	Low	The Spending Review and Local Government Finance Settlement will inform latest forecasts.
Failure to take action to address forecast medium term financial pressures as well as focusing on the 2022/23 budget position.	High	Medium	Ensure that MTFS forecasts are monitored and timely interventions identified and implemented to address future deficits.

11.0 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

11.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report, subject to the Council ensuring its general fiduciary duties are met, including those of consulting with rate payers and ensuring best value. The Council is required to follow a professional code of practice published by CIPFA and regulations set out by the government, including the Local Government Finance Act 1992.

11.2 Finance Officer's Comments (CI)

The Budget for 2022/23 will be submitted to council in February 2022. This Budget Strategy is the first stage in the detailed budget process and will be used to inform the preparation of budget estimates.

11.3 Diversities and Equalities Implications (GE)

The budget report to Full Council in February 2022 will include an Equality Impact Assessment of the budget recommendations for 2022/23.

11.4 **Climate Change Implications (OF)**

As this report only sets out the guidelines for preparing the 2022/23 budget, there is no climate change implications arising from this report.

12.0 **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Cheryl Ireland, Chief Financial Services Officer

Tel: 07834 150176

E-mail: cheryl.ireland@folkestone-hythe.gov.uk

Charlotte Spendley, Director of Corporate Services

Tel: 07935 517986

E-mail: charlotte.spendley@folkestone-hythe.gov.uk

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

Fees & Charges Report 2022/23

Medium Term Financial Strategy 2022/23 – 2025/26

Appendices:

Appendix 1 – Movement from 2021/22 Approved Budget to 2022/23 Base

Appendix 2 – General Fund Revenue Growth & Savings Proposals

Appendix 3 – Capital Programme Growth Proposals

Appendix 4 – Budget Timetable

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Budget Strategy - Movement from 2021/22 Approved Budget to 2022/23 Base

	£000
Net Budget - 2021/22	0
Inflationary Pressures	
Net Pay Increase (1.5% plus increments)	419
Pension Scheme Revaluation 2019	50
Contract Inflation (p.a.)	184
Internal Drainage Board (2%)	10
	<hr/> 663
Corporate Funding Changes	
Reduced New Homes Bonus	343
Interest	(614)
Council Tax income	(314)
Business Rates Collection Fund	(105)
MRP	756
Other Non-Service Related Grants	375
	<hr/> 441
Service Changes	
Removal of COVID grant funding	847
Additional Staffing Resources	260
Increased utility costs	53
Waste Contract Renewal (offset by corporate funding changes above)	(481)
Removal of non-recurring growth from 2021/22	(471)
Reduction in expenditure funded from reserves	(395)
Increased projected parking income	(283)
Increased Connect 38 rental income	(212)
Increased income from capital schemes	(159)
Other net changes	305
	<hr/> (536)
Net Movement in Contributions To/(From) Reserves	1,028
Forecast 2021/22 Budget Deficit Before Growth and Savings Proposals	<u>1,596</u>

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Growth Proposals

Portfolio	Description of Proposal	£
Recurring items		
Leader		
1	Finance Specialist	48,000
2	HR additional HMRC costs	15,000
3	Criminal Records Bureau costs	5,000
Communities		
4	External transport hire costs (Area Officers)	11,500
5	Folkestone Airshow contribution	30,000
Housing & Special Projects		
5	Housing Support Officer (Fixed Term 2 years - grant funded)	40,170
Enforcement Regulatory Services, Waste and Building Control		
6	Community Safety Officer	34,427
Property Management and Grounds Maintenance		
7	Clothing & uniforms costs	5,000
8	Subscription costs	3,500
9	Toilet Cleaner (additional resource)	23,790
10	Decreasing KCC loan for coast protection schemes	8,000
11	Property maintenance costs	10,000
12	Donated seats costs	5,000
13	Decreasing Civic Centre rental income	24,000
Transport & Digital Transformation		
14	Case Officer Place (Parking)	24,300
15	ICT software maintenance costs	20,000
16	Increased parking contract payments	77,510
17	Reduced car park rental income	11,650
18	Car park maintenance costs	16,300
19	Increased debt registrations with court for PCNs	6,300
Total Recurring Revenue Growth Proposals 2021/22		<u>419,447</u>
Non-recurring items		
Enforcement Regulatory Services, Waste and Building Control		
1	Pollution reduction costs (contaminated land)	15,000
Total Revenue Growth Proposals 2021/22		<u><u>434,447</u></u>
Items potentially to be funded from Flexible Capital Receipts		
1	ICT improvement costs (externally hosted Revenues & Benefits system)	314,000
2	Website CMS replacement	130,000
		<u>444,000</u>

Savings Proposals

Portfolio	Description of Proposal	£
Recurring items		
Leader		
1	Decrease in legal fees	(13,000)
2	Decrease in subscription costs	(2,500)
3	Decrease in training expenses	(19,000)
4	Decrease in travel costs	(900)
5	Decrease in overtime costs	(1,000)
6	Decrease in events costs	(825)
7	Decrease in Members' training costs	(2,000)
8	Decrease in Apprenticeship costs	(10,400)
9	Decrease in Customer services costs	(10,000)
10	Decrease in street name plates costs	(3,040)
11	Decrease in footpath lighting costs	(6,300)
12	Decrease in passenger shelter costs	(1,500)
Communities		
13	Decrease in professional fees	(5,000)
14	Increase in Lifeline income	(8,000)
15	Decrease in events costs	(900)
Housing & Special Projects		
16	Decrease in tenant engagement costs	(6,975)
17	Decrease in temporary accommodation running costs	(10,000)
18	Increase in temporary accommodation income	(50,000)
19	Decrease in temporary accommodation costs (self-contained lets)	(20,000)
20	Decrease in removal & storage costs	(1,000)
21	Decrease in mediation costs	(3,000)
22	Decrease in professional advice costs	(2,000)
23	Increase in grant funding (to fund Housing Support Officer for 2 years)	(40,170)
Enforcement Regulatory Services, Waste and Building Control		
24	Increase in bulky waste income	(10,000)
25	Increase in garden waste income	(40,000)
26	Decrease in Land Registry fees	(6,750)
27	Decrease in professional advice costs	(20,000)
28	Increase in burials income	(20,000)
29	Decrease in ICT costs	(5,240)
30	Increase in fixed penalty notice income	(7,500)
31	Decrease in pollution reduction costs	(6,800)
32	Decrease in Planning temporary staff costs	(75,000)
33	Increase in Planning pre-application advice income	(13,100)
Property Management and Grounds Maintenance		
34	Decrease in property maintenance costs	(25,200)
35	Increase in donated seat income	(13,000)
36	Decrease in subscriptions costs	(1,500)
37	Decrease in Civic Centre costs	(5,000)
38	Increase in miscellaneous property rental income	(13,600)
39	Decrease in business rates on public toilets (no longer payable)	(34,420)
40	Increase in Connect 38 income	(125,000)
41	Increase in kiosk rental income	(24,000)

District Economy**APPENDIX 2**

42 Decrease in Folkestone CLLD salary costs (14,500)

Transport & Digital Transformation

43 Decrease in ICT software costs (40,000)

44 Decrease in computer equipment maintenance (7,840)

45 Removal of self service document scanner (11,000)

46 Decrease in publicity/advertising costs (700)

47 Increase in parking fines income (12,000)

48 Reduction in street & car park lining maintenance costs (3,000)

49 Increase in residents parking permits income (24,000)

50 Increase in parking permits income (4,000)

51 Increase in parking waivers income (10,000)

52 Increase in visior permits income (12,000)

Revenues & Benefits, Anti-Fraud & Corruption

53 Decrease in court costs (5,000)

Total Recurring Revenue Savings Proposals 2021/22 **(807,660)**

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2022/23 Capital Programme Growth Proposals

Service Area	Description of Proposal	2022/23 Capital Growth £
Operations		
1	Replacement Asset Management system to support robust Asset Compliance and provide DLO management software capability	60,000
2	Radnor Park footpath resurfacing to mitigate the risk of trip hazards. Delaying the resurfacing is likely to lead to additional maintenance works *	40,000
3	Provision of fishermans style huts for rent on the Stade in a prominent harbourside position. Scheme to include public realm improvements.	100,000
4	Additional toilet cleaner's van - revenue growth bid submitted for additional toilet cleaner's post and van required for this.	20,000
5	Replacement Park Keeper's vehilce - existing vehicle which is used daily is 7 years old and has become increasingly unreliable. Vehicle provides essential waste carrying capacity for the Parks & Open Spaces Team.	40,000
6	Replacement Electoral Management System (Onsite Software Option) - the existing system has become increasingly unreliable and is a risk to the integrity of managing the electoral process.	31,000
Council Capital Growth Proposals		291,000

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2022/23 Budget Timetable

Date	Details
24 November 2021	Full Council <ul style="list-style-type: none"> • Medium Term Financial Strategy 2022/23 to 2025/26
15 December 2021	Cabinet <ul style="list-style-type: none"> • Budget Strategy 2022/23 • Fees and Charges 2022/23. <p>Budget consultation begins</p>
December 2021 (TBC)	Provisional local government finance settlement 2022/23 announced by Department of Levelling Up, Housing and Communities.
18 January 2022	Finance & Performance Sub-Committee <ul style="list-style-type: none"> • General Fund draft Revenue Budget 2022/23 • HRA revenue and draft Capital Budget 2022/23 • General Fund Draft Medium Term Capital Programme 2022/23 to 2026/27
26 January 2022	Cabinet <ul style="list-style-type: none"> • General Fund draft Revenue Budget 2022/23 • HRA revenue and Capital draft Budget 2022/23 • General Fund Draft Medium Term Capital Programme 2022/23 to 2026/27
Early 2022 (TBC)	Final Local Government Finance Settlement confirmed.
20 th January 2022	Budget consultation with Folkestone & Hythe Parish Councils Joint Committee
1 February 2022	Budget consultation ends
23 February 2022	Cabinet: <ul style="list-style-type: none"> • General Fund Budget & Council Tax 2022/23 • HRA Budgets and Rents 2022/23 • Capital and Investment Strategies
23 February 2022	Full Council : <ul style="list-style-type: none"> • General Fund Budget & Council Tax 2022/23 • HRA Budgets and Rents 2022/23 • General Fund Medium Term Capital Programme 2022/23 to 2026/27.

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This Report will be made public on 29 November 2021

Report Number: **OS/21/12**

To: Overview and Scrutiny Committee
Date: 7 December 2021
Status: Non Key
Responsible Officer: Ewan Green, Director of Place
Cabinet Member: Cllr David Monk, Leader of the Council

SUBJECT: OTTERPOOL PARK LLP DRAFT UPDATED BUSINESS PLAN

SUMMARY: This report presents the first annual update of the strategic business plan for Otterpool Park Limited Liability Partnership (LLP). The draft updated plan provides commentary on progress achieved to date and sets out the priorities and key milestones for the LLP over the next 12-18 month period. The report is presented to Committee for feedback ahead of Cabinet considering the draft updated Business Plan in January 2022.

RECOMMENDATIONS:

1. To receive and note report C/21/12.
2. Overview and Scrutiny Committee are invited to provide feedback on the draft updated Business Plan.

1. BACKGROUND

- 1.1 The Members' Agreement establishing Otterpool Park LLP sets out the process for the approval of the LLP's business plan. This requires that every 5 years the LLP submits its draft business plan to the council for approval. Within the 5 year period annual updates are also prepared and placed before the council for approval.
- 1.2 The first business plan was approved the Cabinet of the Council on 20 January 2021 (minute 75).
- 1.3 The agreed work plan for the Overview and Scrutiny Committee includes consideration of the updated business plan ahead of consideration by Cabinet.

2. DRAFT BUSINESS PLAN 2022

- 2.1 The draft updated Business Plan is attached as Appendices One and Two.
- 2.2 Whilst much of the plan remains as approved in January 2021, sections 4 to 11 have been substantially updated. The following provides a summary of the key changes by section:

4.0 LEGAL AND GOVERNANCE

Actions in 2021 have included amendments to the scheme of delegations and the approval of a staff handbook containing the human resources policies of the LLP. A Strategic Land Agreement and the method of procuring the on-site wastewater treatment works also secured Board approval. The Cabinet of the Council resolved that the Council should enter into the Strategic Land Agreement with the LLP and the Agreement will be completed shortly.

Supported by the new Head of Finance, the Board will continue to keep track of the LLP's financial performance and it will also consider Phase Delivery Strategies.

Proposals for long-term governance and stewardship of community assets will be prepared for Board and Council approval in the New Year.

5.0 RESOURCING STRATEGY

Updates to the Business Plan consider the human resource requirements of the LLP over the period 2021 – 2026.

The Board meeting of 19 February 2021 approved the secondments of six members of staff from the Council to the LLP. The LLP has been actively recruiting to further positions this financial year. This includes a Director of Construction and a Head of Finance, two vital senior positions. A Community and Events Manager has been appointed on a part-time basis and in addition

a Public Transport Lead has also been appointed on a secondments arrangement from the Council.

The Business Plan considers a comparison of operating models with other development companies. The LLP's onward resource strategy is based on a blended approach, utilising internal resource (seconded council staff and direct hires) along with a range of interim management, consultants and contractors appointed on a contract basis or through partnership arrangements. This will reflect the changing priorities, milestones and growth of the LLP and will be subject to continued review.

6.0 STAKEHOLDER RELATIONS

Engagement in Year 1 expanded beyond the masterplanning work to embrace a wider range of people. Covid restrictions led to innovation in the delivery of virtual engagements, including extensive engagement in the preparation of the phase 1 masterplan.

Strange Cargo, a local participatory arts organisation was commissioned to deliver learning and engagement activities within the community. Progress has been aided with the appointment of a Community and Events Manager (a part time post).

A programme of further community-focused initiatives and events is being prepared.

Political engagement is being deployed at a national level and sustained engagement with a range of Government departments will remain a key part of the engagement strategy.

The LLP is exploring a range of opportunities for working with local stakeholders and existing/future residents, for example ongoing work with parish councils on masterplanning phases of development.

Submission of the outline planning application is a key engagement touchpoint and a consultation event is in development. The strategy includes communications and engagement activities relating to planning application approval, subject to this being the case.

7.0 THE MARKET

BNP/Strutt & Parker have prepared updates to the Business Plan to assist the LLP with an understanding of the current development land market and wider housing markets within Kent and their opinion of values for Otterpool Park. They conclude that housing values, commercial values and land values remain equal to or above those reported in the Business Plan.

8.0 FINANCES

In the approved plan agreed in January 2021, profit was projected to be £193m over the lifetime of the project, with the project breaking even in the first 10 years. The pace and timing of these returns will be dependent upon a few decisions around infrastructure and funding to ensure that peak debt does not exceed the £75m working capital budget. Since approval of the Business Plan, time has been spent validating, aligning and refining the magnitude and the timing of cashflows. Key to this has been the move to have custom built financial appraisals developed by the team, to enable Management to forecast the impact of various scenarios. As a consequence, Management now have greater confidence in the forecasted cashflows. Having carried out this work the headline return has been reviewed and a profit of £240m - £270m is projected.

The FY22-23 budget of £7.5m will be spent upon design and planning fees in order to conclude the outline planning application and secondly to plan the construction phase that will start in FY24-25.

9.0 PLANNING STRATEGY

Modifications made to the Core Strategy Review were approved by Cabinet and have been subject to public consultation. It is anticipated that the Council will adopt the Core Strategy in early 2022.

The outline planning application for the scheme is being amended and it is anticipated that it will be submitted to the local planning authority in late 2021. Amended information will be subject to a further round of stakeholder and public consultation. If the application is approved by the Committee, it will then be necessary for the LLP and the LPA to agree and finalise a S106 legal agreement, with the aim that this will be completed by autumn 2022.

Planning progress with regard to community infrastructure includes the appointment of a curator to ensure that artists are embedded in the process of designing places and spaces, as part of a three-year action plan with Creative Folkestone. The action plan has been included in the budget for 2022/23 with commitment agreed in principle for subsequent years, but the programme of work will be reviewed and revised at the end of each financial year.

The LLP will prepare detailed proposals for the future use and development of Westenhanger Castle, the associated barns and its parkland setting.

Education provision within new schools is no longer the responsibility of the local education authority and the LLP is seeking advice from education specialists in order to meet its aspiration for schools.

The Kent and Medway CCG Estates Strategy (2021) notes Otterpool Park and sets out its intention to procure GP services for a new health facility in the town. The current preferred option is a multi-functional building within the town centre – a ‘market hall’ – that will host a range of functions on a

temporary basis until the town population grows enough for standalone facilities to be built.

10.0 INFRASTRUCTURE STRATEGY

For the remainder of FY21/22, focus will transition towards planned delivery of the earliest pieces of infrastructure in Phase 1 to coincide with a grant of planning consent. An Infrastructure Delivery Plan (IDP) has been created sets out the sequence of proposed infrastructure:

- October 2021 to March 2022: focus on planning new infrastructure, surveys and design development
- April 2022 to March 2023 (FY22/23): focus on detail design and construction procurement
- April 2023 to March 2024: Year 1 delivery
- April 2024 to March 2025: Year 2 delivery

The Business Plan sets out in full the detailed activities that are being planned in the final months of FY21/22, to prepare for the production of new information to support technical applications, Reserved Matters applications and applications to discharge planning conditions.

Following on from the predominately planning work undertaken during the last half of FY21/22, activity in FY22/23 focuses on design development to enable Reserved Matters and technical applications to be approved. These must be supported with more detailed information and coordination with housebuilders. At the same time a planning decision is expected, and planning conditions will be available.

In the final half of this period, the LLP expects to be preparing ground and delivering any priority utility diversions and improving construction access points. The racecourse stands will be demolished.

In April 2023 the LLP will commence delivery of the first pieces of infrastructure in accordance with approved details and discharged planning conditions.

In FY24/25 the LLP will continue to delivery enabling infrastructure in Phase 1.

11.0 LAND DISPOSAL STRATEGY

The land disposal strategy in the Business Plan remains sound and will be the basis of disposing of the land and ensuring its development. The strategy is based on the following principles and will be implemented by the LLP's agent BNP /Strutt & Parker:

- Formulate an appropriate marketing strategy on a parcel-by-parcel basis which will evolve to complement the market throughout the duration of future sales periods.
- Create a premium brand for the wider development which is consistent with the design parameters of the overall scheme.
- Oversee the production of comprehensive technical information packs relative for each parcel.
- Advice on early place making.
- Negotiate land sales and work alongside the wider legal team to successfully secure the completion of sales within targeted timescales.

Market testing for phase 1 has now formally commenced and it is anticipated that formal bids will be received over the next two months for consideration by the board in the New Year

2.3 Members are invited to provide feedback on the draft business plan updates.

3. RISK MANAGEMENT ISSUES

3.1 The strategic level risks are set out in section 12 of the Business Plan. A more detailed risk register, to operational level, is managed by the LLP. The strategic level risks are discussed at the Owners' meetings with the LLP Board and Council on a quarterly basis.

4. LEGAL/FINANCIAL AND OTHER POLICY MATTERS

4.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report

4.2 Finance Officer's Comments (LW)

The financial implications to meet the LLP's planned work for the next year are outlined within the body of the report. The Council's existing Medium Term Capital Programme (MTCP) has a remaining budget provision for the Otterpool Park development of £74.8m, to be funded from prudential borrowing. The LLP has no independent source of funding (without prior consent of the Council) and funding will be provided to the LLP on a facility basis in accordance with the funding agreement which is currently being finalised.

The draft updated Business Plan shows the forecasted peak debt required by the LLP for working capital will be in 2025/26 and will range from £56.4m (best case) to £75m (worst case) with the base value being £64.7m. Should the LLP's peak debt be expected to exceed the budget of £74.8m in the MTCP then full Council approval will be required for this. However, it is encouraging to note that the net profit projected from the

development over its lifetime has increased from £193m to between £240m and £270m providing enhanced reassurance for the Council's investment in it. The Council's Medium Term Financial Strategy (MTFS) for the period to 2025/26 recognises interest income forecast to be accrued from loans planned to be made to the LLP.

The project is a fundamental element of the Council's medium to long term plan to being financially sustainable.

4.3 Diversities and Equalities Implications (GE)

There are no negative equality and diversity implications directly arising from this report. Virtual engagement sessions have taken place with a wide range of people in the first year and the Otterpool Park LLP are continuing to explore a number of future opportunities to engage with local stakeholders and residents on the master planning of future phases for Otterpool Park.

4.4 Climate Change Implications (OF)

There are no Climate Change Impacts arising directly from this report.

However the accompanying Otterpool Park Business plan would have the following climate change impacts:

Greenhouse gas emissions on travel, construction, running of buildings – overall climate change would be positive as several mitigating factors such as sustainable travel options, no gas supply to homes, blue green infrastructure etc. are being incorporated.

Waste, water consumption and pollution – climate change impacts should be positive as the business plan details mitigation measures such as waste water treatment facility, sustainable drainage systems (SUDs).

Resilience, conservation and wildlife - Otterpool Park is aimed at meeting the challenge of housing needs in Folkestone and Hythe and the business plan incorporates several mitigation factors to such as provision of homes for range of tenures, biodiversity net gain of up to 20%, applying guidance through design codes and tree planting which should result in overall positive impact on climate change.

Social and economic impacts - the business plan takes into consideration demographics, aging population and achieving high quality home designs and sustainable construction which should result in overall positive impact on climate change.

5 CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Ewan Green, Director of Place

Telephone: 07783659864

Email: ewan.green@folkestone-hythe.gov.uk

Appendices:

Appendix One	Draft Updated Otterpool Park LLP Business Plan
Appendix Two	Otterpool Park Vision (Business Plan - Appendix 1)
Appendix Three	Council Ambition for Otterpool Park (Business Plan - Appendix 2)

Appendix One

Otterpool Park Business Plan - 1st Annual Update
November 2021

DRAFT

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1. CHAIR'S INTRODUCTION

The Board of Directors is pleased to be presenting updates to the Business Plan agreed by the board in November 2020.

During the past year we have made significant progress in driving forward the delivery of Otterpool Park and creating a garden town that will meet housing needs of the district and establish a remarkable new community for the next generation.

The project is at an advanced stage of planning and we welcome the response from the Planning Inspectors in the Core Strategy review, in line with our aspiration to secure planning permission in the year ahead. Relationships with a wide range of partners and stakeholders that will enable on-the-ground delivery have been established and our marketing to housebuilders has been met positively. We are seeking to work with forward-thinking developers and investors, and engagement with stakeholders at a national level is supporting this.

A Covid-safe virtual engagement enabled us to present our first plans for phase one to a local audience, as well as capture valuable feedback. Other community engagement touchpoints have included a series of arts and heritage activities locally and continued sentiment-capture from our virtual community.

Refining our designs is a key focus for the year ahead and, as we move beyond the pandemic, the concept of a garden town community that will deliver homes, green spaces, healthcare, schools, leisure facilities, jobs and infrastructure is an appropriate and visionary response.

Luke Quilter, Chair, Otterpool Park LLP

2. BACKGROUND AND CONTEXT

2.1 BACKGROUND

Otterpool Park is a unique opportunity to meet the challenge of housing need in Folkestone and Hythe, through a properly planned new garden community set in rich countryside. It is ideally located to take advantage of excellent existing connections by road and rail.

In 2015, Folkestone & Hythe District Council (“the Council”) bought 144 ha of agricultural land at Otterpool Manor Farm as a long-term investment for future development. Shortly after this, the Government announced its Garden Cities, Towns and Villages programme, which provided the stimulus for the Council to advance its ambitions for development and form a partnership with its neighbouring landowner Cozumel Estates Limited, the owner of Folkestone racecourse. A proposal for a new town of up to 10,000 homes and thousands of new jobs, all in a green setting with 50% green space, was born.

The bid to Government for garden community status was successful, and the project continues to be supported by politicians at national, county and district level. The project has attracted £3.4 million of capacity funding from Government to support the Council’s work to date. The Council has continued to acquire properties and land options, including Westenhanger Castle, a Scheduled Ancient Monument and Listed Building, and the land and options held by Cozumel, within the site. Homes England, the Government’s housing agency, has also invested in land at Otterpool Park to support the proposals.

Work began in 2016 on a masterplan for the area, led by consultants Arcadis and masterplanners Farrells, resulting in an outline planning application submitted in February 2019. The plans were guided by a set of principles that were agreed at the outset, based on the Garden City Principles. These principles were explored in more detail in the Charter for Otterpool Park adopted by the Council in 2017 (Cabinet meeting 18 October 2017 minute 48).

More recently, the Council reaffirmed its view of what it wants Otterpool Park to be and set out the Council’s ambitions for a sustainable new garden town in the Folkestone and Hythe district (attached as Appendix 2):

- Enhancing the environment:
 - Minimum of 50% green space.
 - Deliver at least 20% biodiversity gains, going beyond the Government target.
 - Promoting walking, cycling and public transport.
 - Reducing environmental impact.

- Creating strong and healthy communities:

- Giving residents a voice.
 - Preserving cultural heritage and inspiring the new.
 - A diverse range of housing types and tenures.
 - Innovative approaches to delivery.
- Creating jobs and building new businesses
 - Diverse employment opportunities.
 - A digital town of the future.
 - New town and neighbourhood centres.

In parallel the Council, as the local planning authority, reviewed its Core Strategy. After a capacity analysis of the district, it concluded that this location was the only viable area for significant growth to meet escalating housing need. It recognised the sensitivity of the landscape – within the setting of the Area of Outstanding Natural Beauty (AONB) and views from the North Downs – and the impact on existing neighbouring communities. In many respects this has been a positive challenge; creating a proposal that is landscape-led, creates green space that is accessible to new and existing residents and provides attractive townscape views through well-designed streets and buildings. The masterplan also brings new life to heritage assets including Westenhanger Castle and offers a net gain to biodiversity.

The Council approved the first five-year Business Plan, which this is an update on 20 February 2021.

2.2 CONTEXT AND DRIVERS

Housing need: the undersupply of housing nationally is recognised by all political parties, and the need within the Folkestone and Hythe district is no different. The latest Government figures for objectively assessed housing need that the district is obligated to plan for continues to increase, now more than doubling current rates of delivery. This need applies to all types of housing but in particular affordable housing and helping younger people onto the housing ladder.

Planning context: historically the district has built a significant proportion of its housing on brownfield sites within existing towns and villages. However, there is now very limited capacity for further growth in Folkestone or Hythe, and while there is some scope for more housing on the Romney Marsh and in some villages, the district is heavily constrained by the AONB and flood plain. Development around junction 11 therefore becomes a natural choice, helped by the fact the junction has plenty of capacity and there is a railway station at Westenhanger.

Economic positioning of the district: East Kent has historically underperformed economically within Kent and nationally. There are now several factors that give an opportunity for the district to punch higher,

developing higher value jobs, attracting more visitors and raising values. These factors include the high-speed train service into London; increased attraction of natural assets such as the coast and countryside; good connections to Europe; comparative affordability of houses and the thriving arts and creative scene. Much of the employment space in Folkestone is outdated, or in the case of the creative industries has not got the capacity to expand, so there is latent opportunity to improve skills and provide better quality jobs.

Ageing population: the Folkestone and Hythe area has historically attracted people wishing to retire to the coast and has a shortfall of younger adults.

Financial: as Government funding to local authorities becomes less predictable and reduces in real terms, so councils are looking to other sources of income to ensure a stable financial future, including through development portfolios. Over the past five years the Council has bought land or developed proposals on a pipeline of different sites, in many cases delivering new homes through the Housing Revenue Account. Otterpool Park is by far the most ambitious acquisition but with the potential for the greatest long-term income.

2.3 DRIVERS FOR OTTERPOOL PARK

- Meeting the Council's corporate objective of more homes and more jobs.
- Planning properly for long-term housing growth.
- Rebalancing the demographic of the district to attract more people of working age, away from the trend of an increasing older population.
- Creating a comprehensively planned community that provides infrastructure in a timely way and a high-quality environment, controlled through land ownership. This will avoid incremental and poorly planned, poorly designed development.
- Creating an environment that enables healthy lifestyles, including neighbourhoods that are walkable, encouraging walking and cycling overuse of the car. Thriving local communities and access to the outdoors has become increasingly important with the impact of the Covid-19 pandemic.
- Financial sustainability of the Council, providing a long-term source of income to reinvest in the district and improve services to its residents.

The importance of working in partnership to deliver a project of this scale cannot be underestimated, including a strong working relationship with the local planning authority. Section 6 sets out the work with stakeholders present and anticipated.

3. VISION AND PURPOSE

Our Vision document for Otterpool Park is included at appendix 1.

3.1 BENEFITS TO THE DISTRICT COUNCIL

Development management

The Council is keen to ensure that the development is of a high quality and delivers a wide range of objectives. The LLP is a vehicle able to exert control far beyond what would be possible through the Council's role as local planning authority. This may involve applying control or financially supporting a wide range of aims and objectives, including the following:

■ Homes

Developing up to 10,000 new homes including:

- Satisfying local needs, including affordable homes.
- Providing a range of tenures to meet diverse needs.
- Including homes for key workers.
- Providing opportunities for innovative delivery, including self-build and community land trusts.
- Achieving high quality design and sustainable construction.

■ Distinctive and high-quality design

- Applying guidance through design codes.
- Applying control through deals struck with housebuilders and enforced through licensing arrangements.

■ Sustainable transport

- Provision of transport hubs to encourage the use of public transport and sustainable vehicles.
- Incentives for the use of electric vehicles and good quality cycle and pedestrian facilities.

■ Employment

- Enable 9,000 new jobs.
- Create serviced land and floorspace.
- Support the development of services e.g. schools, shops, health facilities.
- Incentivise investment in inward investment and new businesses.
- Encourage the development of skills.

■ Green and blue infrastructure

- Create 900 acres of green space.
- Plant over 1,500,000 trees.
- Achieve 20% biodiversity gain.
- Promote sustainable urban drainage.
- Deliver nutrient neutrality.

- **Energy conservation**
 - Committed to no gas supply for new housing.
 - Promote fabric first / air ground source heat pumps for all buildings.
 - Explore direct access to neighbouring solar farm proposal.
 - Explore scope for district heating.
 - Reduce car dependency.

- **Healthy lifestyles**
 - Land uses arranged to encourage walking and cycling, assisted by dedicated cycleways, footpaths and large areas of parkland.
 - Contemporary health facilities.
 - Indoor and outdoor spaces and activities to improve community development and mental health.

- **Improve heritage assets**
 - Repair and repurpose Westenhanger barns.
 - Improve the setting of Westenhanger Castle, its causeway and repair its moat.

- **Creativity**
 - Embed creativity, art and culture in the ethos and design of the town.
 - Work with Creative Folkestone to bring art into the design of places and spaces.
 - Attract creative and digital industries.

- **A technology-enabled community**
 - Bring ultra-fast broadband to the doorstep.
 - Pilot and test new ideas.

- **Monitoring the success of the town against its objectives and resident/employer satisfaction**

3.2 LAND VALUE CAPTURE

Financial

Although not the primary reason, one of the reasons for the Council embarking on the Otterpool Park project was to generate a commercial return and thereby improve its overall financial position. The decision was taken in anticipation of the Government reducing its annual support grant to the Council and with an aspiration of making the Council more financially independent.

Initial land purchase costs were justified on the basis that in the long-term there would be benefits to residents across the district. The aspiration is for

the Council to benefit from capital receipts in the middle and long-term and to explore the scope for generating sustainable revenue incomes.

The capital receipts will result from the selling of serviced plots to housebuilders. Some receipts will be reinvested in the project, and some will be payments to the Council, to enable the repayment of loans to the company and to support improved Council services. Further capital receipts could be generated if the Council wanted to directly develop land for housing or commercial uses.

The revenue receipts could be manifest from a range of sources which could include:

- Income from land and/or buildings through the payment of rent (residential and commercial). The Council could retain the freehold interest in parts of the site and achieve ground rents or it could potentially construct commercial buildings to let.
- The provision of services to the LLP e.g. grounds maintenance.

Each year the Board of the LLP will consider the distribution of profits to its owners; the ability to distribute profits will depend on a variety of factors including the amount of money generated by land sales.

3.3 DESIGN

Design quality

Several mechanisms were agreed with the LPA early on to ensure good design and placemaking was carried through from early concept through to detailed design and construction. These are:

- The Charter for Otterpool Park which was approved in October 2017.
- Setting up the Otterpool Park Place Panel.
- Proactive involvement of the LPA, working together with the promoter.
- Preparation of design guidelines as part of the outline planning application.
- Preparation of design codes – strategic design guidelines have been completed for the whole site, and a detailed code for phase 1. Future codes will be required for future phases.
- A Kentish Contemporary Vernacular design guide aimed at developers that demonstrates how traditional Kent building forms and materials can be reinterpreted.

The LLP will continue to support and invest in these design tools. It recognises the need to review each phase of development to assess its success and where lessons can be learnt, then revise design codes and other strategies accordingly.

4. LEGAL AND GOVERNANCE

4.1 LEGAL AND GOVERNANCE

The Council has formed Otterpool Park Limited Liability Partnership (“the LLP”) to act as the master developer for the Project in accordance with this Business Plan and the agreements it has with the Council, principally the Strategic Land Agreement and the financing arrangements.

As the master developer the LLP will take responsibility for obtaining planning permission and other consents and for delivering the infrastructure (e.g. community infrastructure, utilities and highways) for the Project. The LLP will also carry out feasibility studies to determine market need.

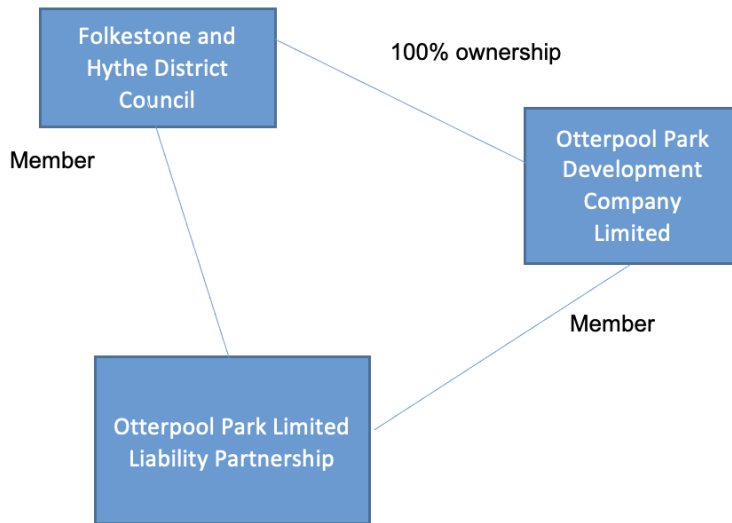
The LLP will market fully serviced land parcels to housebuilders and commercial developers, facilitating the creation of high-quality places.

The LLP, through subsidiaries, will have a continuing role in the physical and social development of the project.

It is not envisaged in the plan that the LLP will (either itself or through a subsidiary) develop land itself, which would require a different set of considerations and decisions. This may change during future plans or indeed during updates of this present plan. In addition, although not related to developing land, it is likely that the community infrastructure will be managed and owned by a subsidiary of the LLP.

Finally, the LLP will create value for its owners in the way it facilitates the development of the project. This is dealt with more fully elsewhere.

The LLP is presently owned by the Council and by the Otterpool Park Development Company Limited (“the Limited Company”). The Limited Company is itself wholly owned by the Council. The ownership structure is shown below. There has been no change in the ownership or structure of the LLP during the year.



A Members' (or Owners') Agreement between the Council, the Limited Company and the LLP is the governing document of the LLP. The Members' Agreement sets out the objective of the LLP as:

"To ensure that the Otterpool Park Garden Town, a settlement that will in time consist of 10,000 dwellings is delivered in accordance with the Business Plan approved from time to time including but without prejudice to the generality of the foregoing generating the required commercial return to the Members."

The LLP's tasks are further shown as:

- a) Be the planning applicant for the project delivery.
- b) If appropriate, act as the manager of the community infrastructure created as part of the project.
- c) Lead and coordinate development activity at the project site, potentially via subsidiary vehicles.
- d) Where appropriate, facilitate partnership development arrangements to bring forward housing and employment opportunities at the project site, including joint ventures with other organisations.
- e) Where appropriate, hold and manage residential, commercial, agricultural and/or industrial land and buildings at the project site in advance of, during and following project delivery (as applicable).
- f) Lead and coordinate the delivery of such infrastructure works as are necessary as part of project delivery.
- g) Commission any necessary professional services relating to either the Council's objectives for the project and/or the business objectives of the Delivery Vehicle.
- h) Carry out such trading activities as will be identified in the Delivery Vehicle's Business Plan (which will be subject to periodic update/review/approval).

The Members' Agreement also contains the delegation matrix which sets out those matters which need the approval of the Council and are not within the authority of the LLP to make a decision on.

The structure will enable new partners to join the LLP; a decision on whether to and on what terms would rest with the existing members. At present it is the Council's intention that it would retain the majority "share" in the LLP. Any new partner could come from the private or public sector. It is likely that the Council would expect that any new potential partner would bring substantial funding with them.

The governing body of the LLP is a board of nominees or directors. The present Board comprises seven people six of whom are appointed by the Council and one by the Limited Company. One of the directors has been appointed as the chairman of the Board.

The Board has adopted a code of conduct so that conflicts of interest are identified and avoidedⁱ and has also adopted a procurement policy¹.

The Members of the LLP meet at least quarterly to discuss the affairs of the LLP and the progress towards achieving the objectives in the Business Plan.

The following two parts describe the work of the Board during the period since the last since the Business Plan was last approved by the Council and gives a brief overview of the likely work in 2022/23.

4.2 THE WORK OF THE BOARD

The Board has met formally five times since the beginning of the calendar year. The minutes of the Board meeting are available for public inspection on the Otterpool Park website.

The Board also receives informal briefings from the staff of the LLP on a range of topics including finance, planning and long – term stewardship. In addition, the chairman of the Board attends the members' meetings with the Council and OPDC.

The Board has continued its work started in May 2020 in making sure that the LLP's internal processes and governance are "fit for purpose"

ⁱ Board decision 15 July 2020 minute 3
ⁱⁱ Board decision 15 July 2020 minute 4

recognising that the Council, as it is investing a lot of public money in the project, needs to be assured that the governance of the LLP is sound.

It has thus considered and amended the scheme of delegations to enable the LLP to work effectively whilst at the same time ensuring that decisions are taken at the right level. In addition, the Board has approved a staff handbook containing the human resources policies of the LLP so that the LLP can recruit and retain staff it employs rather than relying solely on staff seconded from the Council.

In parallel with work on the internal governance and policies of the LLP the Board has considered key issues vital to the progress of the project. It has approved the entering into of a Strategic Land Agreement, one of the key instruments governing the relationship between the Council and the LLP. It has also approved the method of procuring the on – site wastewater treatment works; one of the major pieces of infrastructure necessary for the project. As noted above a staff a handbook has been approved enabling staff to be recruited.

The Board received formal reports and informal briefings on the financial position of the LLP, recognising as it does the vital need to understand and keep track of the financial performance of the LLP. The Board recognises that the LLP is to trade for profit and that the Council expects a return for its investment in accordance with the various projections.

4.3 ANTICIPATED WORK

As the project moves from the enabling or preparatory stage the work of the Board will alter accordingly. Supported by the newly appointed Head of Finance the Board will continue to ensure it has a good understanding of the finances of the LLP. In addition, it will consider the various financial instruments with the Council that will need to be entered into for the project to proceed and be satisfied on the financial implications for the LLP.

Under the Strategic Land Agreement, the Board will consider Phase Delivery Strategies which will be required before the Council transfers land to the LLP to enable it to be developed. In addition, it will consider and submit for the Council's approval proposals for the long-term governance and stewardship of communal assets and consider the terms of the planning agreement for the site.

4.4 THE BUSINESS PLAN PROCESS

The Board will, every five years, approve a Business Plan. The Business Plan will have a five-year duration with annual updates. The Business Plan and its updates will be approved by the Board for submission to the Council in December / January of each year. This will enable any budgetary implications to be considered by the Council for inclusion in the budget for the subsequent financial year.

4.5 DISTRIBUTION OF SURPLUSES

Each year the Board will meet to decide what proportion of the net profits (if any) should be retained for the working capital reserves of the LLP and for reinvestment in the LLP in accordance with the Business Plan. The remainder will be distributed to the members in accordance with the proportion each member is entitled to, currently the Council is entitled to 99.9% and the Limited Company 0.1%.

4.6 STRATEGIC LAND AGREEMENT

The foundation of the arrangements between the Council and the LLP is a Strategic Land Agreement (“the SLA”). This is intended to be as flexible as possible to account for the long-term nature of the project.

The SLA provides the LLP with a call option over the Council’s land interests at Otterpool Park.

The SLA is flexible on:

- **Timing** – in terms of its overall duration and when the call options are exercised during that contractual term.
- **Subject matter** – in relation to which one or more land interests (in whole or in part) the call option is exercised by the LLP at any one time.
- **Outcome** – in terms of what the LLP exercising its call option in relation to one or more land interests results in i.e., that could be a land transfer to the LLP or a transfer to another third-party nominated by the LLP (e.g., a house builder).
- **Payment** – in terms of both the nature of the consideration and when it is payable (e.g., is it deferred?).

Where the LLP acquires one or more land interests from the Council under the SLA, it will fund those acquisitions either:

- (i) pursuant to a debt facility from the Council or from another third-party lender, or
- (ii) the land interest/s could be transferred in consideration of loan notes from its Members (Owners) (at the value of the land interest(s) in question) being issued by the LLP to the Council.

Subsequent transfers of land pursuant to the LLP exercising its call options under the SLA will be subject to the satisfaction of certain pre-conditions – e.g., planning permission, viability, funding, site/phase Business Plans.

On 20 January 2021 the cabinet of the Council resolved that the Council should enter into a Strategic Land Agreement with the LLP. The Agreement will be completed shortly.

As stated in the report to cabinet the Strategic Land Agreement is a flexible document which is necessary because of the wide variety of transactions envisaged. Essentially though the Strategic Land Agreement gives the LLP at the right to “call” for the land the Council owns to be transferred to the ownership of the LLP (or elsewhere – see below).

Before the Council transfers land, it will have to be satisfied that it should do so. The LLP will prepare, for each phase or sub – phase, a Phase Delivery Strategy.

Each Phase Delivery Strategy will be approved by the Board before submission to the Council for approval. Each strategy will address the following areas:

- A summary review of the Phase demonstrating that it can be delivered in accordance with the Business Plan. This summary will include, where relevant, the strategic and planning context of the site, a description of the proposed development, design, accommodation, and planning risk
- An identification of the infrastructure requirements
- The funding requirements and strategy
- How the various land sites within the phase or sub - phase will be dealt with
- The site conditions
- A commercial appraisal
- Risk register
- Action plan

Communal Assets

Section 4.7 describes the LLP’s proposal for a long – term stewardship body for communal assets. The LLP has taken advice to determine the most tax efficient way of transferring the land for communal assets from the Council. The preferred method is to transfer the land for the communal assets directly to the stewardship body.

Options

The Council has the benefit of options to purchase areas of land. The LLP and the Council will agree a strategy for exercising these options setting out the sequence and timing. This will be the land acquisition strategy referred to in the Strategic Land Agreement.

4.7 LONG-TERM GOVERNANCE AND STEWARDSHIP

The Council has set out its principles for the long – term governance and stewardship of community assets. Since the approval of the Business Plan, further work has been undertaken on the long – term governance and stewardship of community assets. This part of the Business Plan describes

the matters that will be brought to the Council for approval. Set out below are the main elements that will be set out in the report to the Council's cabinet.

Proposed Form of the Governance Body

The proposals that will come forward will be for a Governance Body that is a subsidiary of the LLP and be formed as a company limited by guarantee. This will not preclude a change to a different form of Governance Body at a later stage, perhaps being reconstituted as a charity or its functions taken over by a future town council for the area.

There are, however, reasons for the Governance Body being a subsidiary of the LLP, for example to simplify relationships and ensure quality control.

The structure of the Governance Body will ensure that the community can have a say in its decisions and the way it operates.

Community Assets

The report to cabinet will identify the Community Assets that will be transferred to the Governance Body in phase 1 of the development and, as importantly, identify those assets that will require separate treatment, for example Westenhanger Castle will require different treatment.

Funding

The Governance Body will be funded, it will be proposed by rent and service charges paid for by the residents and commercial operators of the development as well as from other income generating assets, for example from car parks. The report to cabinet will set out the likely costs to residents and commercial operators as well as setting out provisions to ensure that such charges cannot increase unreasonably over time.

5. RESOURCING STRATEGY

Otterpool Park LLP 2021 – 2026

The human resource requirements of Otterpool Park LLP over the current plan period and the strategy for providing those resources.

5.1 BACKGROUND

The Business Plan outlines a resource strategy based on a blended approach, utilising a mixture of internal resource (seconded council staff and direct hires) along with a range of interim management, consultants and contractors appointed on a contract basis or through partnership arrangements. In terms of internal resource, there were initially six members of staff working on behalf of Otterpool Park LLP, all of which have been seconded from Folkestone & Hythe District Council for the duration of the current plan period. The Board meeting of 19 February 2021 approved these secondments, the job titles and line management responsibilities, and therefore the initial operating structure of the company.

As noted in regular Board updates, the LLP has been actively recruiting to further positions this financial year to fulfil the most immediate and pressing staffing needs. A Director of Construction and a Head of Finance, two vital senior positions in the organisation, have been recruited. A Community and Events Manager has been appointed on a part-time basis to undertake a proportion of the recently vacated Community Services Delivery Manager position. A Public Transport Lead has also been appointed on a secondment arrangement from Folkestone & Hythe District Council.

5.2 OPERATING STRUCTURE 2021/22



As the project progresses, further and different resources will be required to reflect the changing priorities, milestones and growth of the organisation. The LLP will need to consider the most efficient and effective means of acquiring those skills and the strategy and operating model that guides that approach.

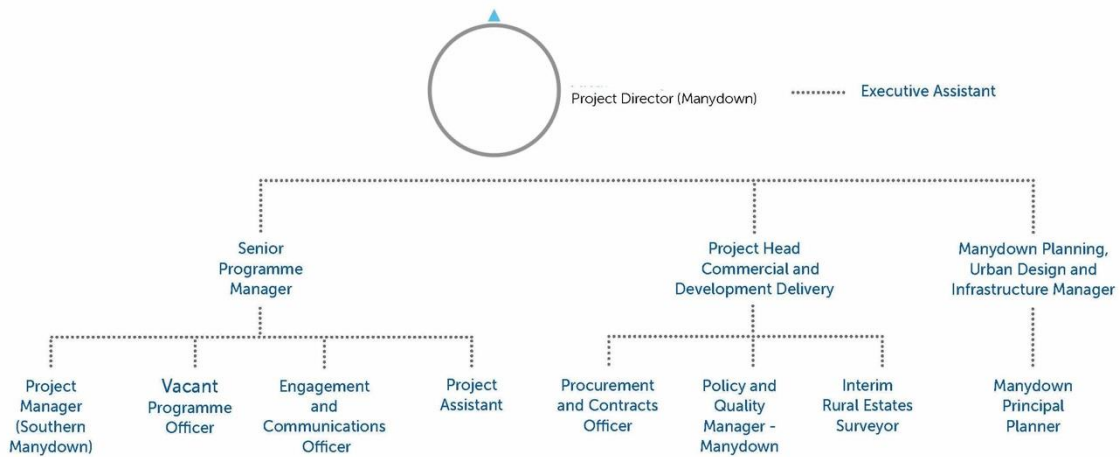
5.3 RESOURCE STRATEGY – A COMPARISON OF OPERATING MODELS

While direct comparisons of staffing structures with other development companies is problematic because of the differing scope, scale of developments and agreements in place, there appears to be two broad approaches that the LLP could take; a smaller more flexible staffing structure that heavily utilises external support and partnerships, or a model that provides greater internal support and resource and therefore more direct hires.

Example Staffing Structure: Manydown Development Vehicle LLP

Planning permission was granted in July 2020 for Manydown, a development of up to 3,520 new homes and associated community facilities that aims to welcome residents within the next three years. While Otterpool Park is a more sizeable development, there are many similarities with Manydown Development Vehicle LLP, which is a partnership between two local authorities (who act as both the landowner and planning authority), master developer Urban & Civic, and The Welcome Trust, a charitable foundation dedicated to improving public health. As a result of these partnership arrangements, Manydown's operating model provides a useful example of a lean staffing structure focused on overseeing the management of the programme and contractual arrangements. Urban & Civic have been

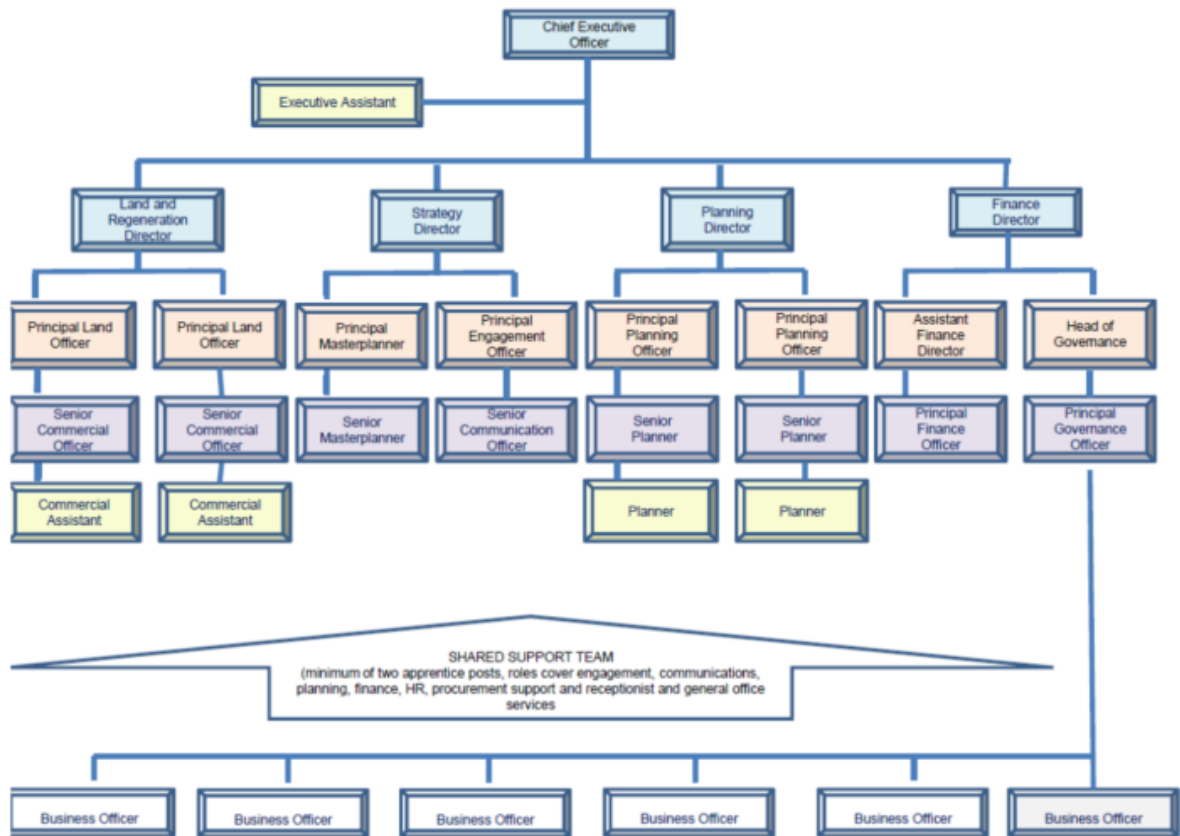
contracted to lead on the operational delivery of infrastructure and amenities along with community engagement activities, while other specialist support and services are predominately procured on a contract basis or provided by the local authorities.



Source: [Staff structure chart - June 2021 \(basingstoke.gov.uk\)](http://basingstoke.gov.uk)

Example Staffing Structure: Ebbsfleet Development Corporation

In contrast, Ebbsfleet Development Corporation has a much larger base of directly employed staff and, therefore, a more complex staffing structure. The project, announced in 2014, is further advanced than Manydown, with building work underway in several areas of this garden city that will deliver 15,000 new properties by 2035. Initially starting with 20 posts, by 2020/21 the structure consisted of 44 permanent positions organised across four distinct teams: CEO’s Office, Projects, Planning, and Finance & Corporate Services. The organisation’s size and operating structure is, however, partially reflective of its corporation status, which has resulted in regularity and other support services all being provided internally. Finance & Corporate Services, for example, consists of a Finance Director and four senior Governance and Finance positions, along with a large support team covering roles such as engagement, communications, planning, finance, HR procurement support and general office services across the organisation. The planning team, consisting of seven posts from Director level to Planning Officer, is also reflective of the corporation’s role as the local planning authority for Ebbsfleet Garden City. While there are some similarities between the positions required across all organisations such extensive specialist resources and support services will not be required on a permanent internal basis by the LLP.



Ebbsfleet Development Corporation as at c.2016
 Source: Homes & Communities Agency: Advisory Team for Large Applications (ATLAS)

When considering the most appropriate model for Otterpool Park LLP, research undertaken by the Homes & Communities Agency² found that, while it is fundamental that core skills are embedded from the start, initially complex team structures often prove difficult to sustain. This is particularly the case when they are set up from scratch. While the Ebbsfleet example provides a much larger permanent staffing structure, this is reflective of its role in discharging statutory functions as well as the need to incorporate governance functions and business support teams into its operating model; delivering through partner organisations and additional specialist support from external contractors remains a requirement. A resource strategy that supports incremental growth and a smaller nucleus of key permanent staff, engaging different degrees of specialist contractor and consultancy support as required in the different phases of the project (akin to the Manydown example) would therefore be the LLP’s preferred strategy.

² Homes & Communities Agency, Advisory Team for Large Applications (ATLAS), presentation entitled “Examples of delivery team structures for large scale projects”.

5.4 CORE POSITIONS, SKILLS AND WORKSTREAMS

Comparisons of similar development companies and research undertaken by the Homes & Communities Agency has been considered alongside outline advice given to the LLP by specialists within the field of executive recruitment and real estate to identify core workstreams and the key skills and common positions required by similar development companies. The following outlines these and assesses where the LLP may require further internal resource within the context of the resource strategy considered in 5.0.

Planning and design, including planning and landscape strategy

In line with the immediate priorities and stage of the project, the current resources within the team LLP team are focused on planning and design expertise. However, there may be the requirement for further support to the current team in the form of a technician or assistant type role.

Programme & Project Management; Infrastructure and utilities design, procurement and delivery; Relationship management and commercial partnerships

A senior Programme Quantity Surveyor position focused on commercial and development delivery, overseeing consultancy arrangements and the contractual and financial aspects of the programme was deemed immediately required in order to advance the project to the next phase. As such, the LLP have undertaken activities to recruit to this role. In line with similar operating structures, further project and contract support positions will also be required to support this work.

Transport planning

The Company has recruited the services of a Public Transport Lead via an additional secondment agreement with the Council.

Governance, monitoring and due diligence, including legal services

The LLP has procured specialist legal, accountancy and IT services and entered service level agreements with Folkestone & Hythe District Council for further provision of financial, legal and HR support.

The LLP is also progressing with the creation of a Governance and Stewardship Body (see 4.7 above) and will therefore require a position to, amongst other aspects, set this up and manage and undertake key community development activities.

Finance, accountancy and business planning

Financial support was previously provided via an SLA agreement with the Council. However, the company's requirements have outweighed this arrangement and a Head of Finance position has now been recruited to. The requirement for further resource to support financial processes, possibly contained within the duties of the assistant type role cited in planning and design resources and business and administrative support resources sections above and below, has also been identified.

Communications and public relations; Community engagement

An internal communications, marketing and public relations resource is common in similar structures and will enable the LLP to reduce associated consultancy costs.

In April 2021 the initial operating structure included a full-time Community Services Delivery Manager position. After the departure of that post holder, the resource need was re-evaluated as one post was not sufficient to cover the diverse responsibilities and skill sets required. A part-time Community and Events Manager has subsequently been recruited with a view to engage further resources to support the management of community services and engagement over the course of next year.

Business and administrative support

The Project Co-ordinator provides project as well as general business and administrative support. However, greater administrative support is likely to be required as the company develops, which may be combined with duties to support planning, community engagement, and finance functions. Apprenticeship position(s) may also be a consideration of the LLP.

Specialist technical disciplines, such as relating to climate change and energy, air quality, noise, and ecology

It is envisaged that obtaining specific and specialist technical advice and support is likely to be through consultancy and contract arrangements.

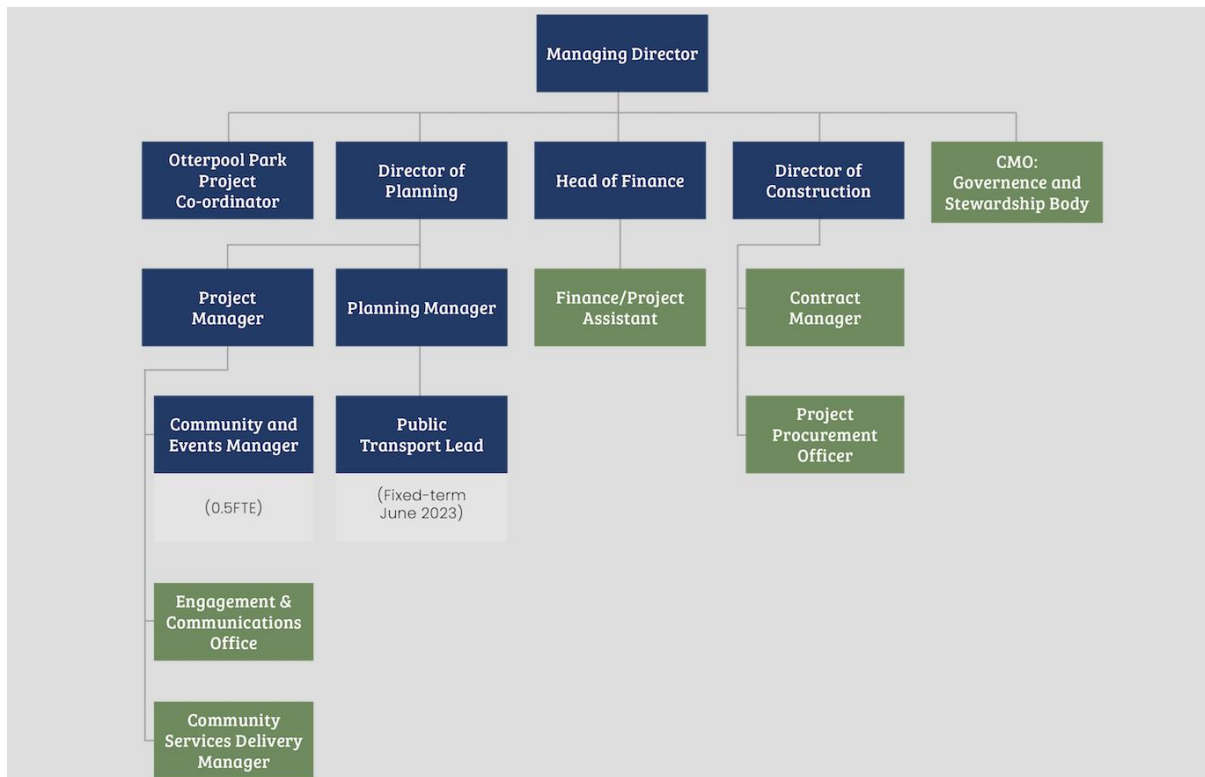
5.5 RESOURCE REQUIREMENTS

In line with the review of common core positions, skills and workstreams in the 5.4, the following posts will be recruited by the LPP directly over the plan period:

Indicative Post Title
Contract Manager
Project Procurement Officer
Finance / Project Assistant
Engagement and Communications Officer
Community Services Delivery Manager
CEO of Governance and Stewardship Body

The following structure chart indicates how Otterpool Park LLP is likely to grow over the course of the next 12 months.

5.6 OTTERPOOL PARK LLP 2022/23



5.7 FUTURE REVIEW

While the above positions are envisaged as providing the LLP with the core internal skills initially required, the operational structure and staffing needs is expected to continue to develop throughout the lifetime of the project and will therefore be subject to continued review.

6. STAKEHOLDER RELATIONS

6.1 STAKEHOLDER ENGAGEMENT TO DATE

For all development, early consultation is critical to the planning process, and especially so when the development proposed is at a garden town scale. One of the criteria for a successful bid to the Government's Garden Cities, Towns and Villages programme was to be able to demonstrate local support, and this is something the Council took seriously from the inception of the proposed garden town.

Early meetings were held with local partners including the Kent Invicta Chamber of Commerce, East Kent College, parish councils, Folkestone and Hythe Business Advisory Board and politicians at local, county and national level before the bid was submitted. Many stakeholders submitted letters of support that were included in the bid, including the local MP. The intention to bid for garden town status received unanimous support from Council members at the Council meeting of May 2016.

Since then, the masterplan and planning application has been the vehicle to engage with a wide range of stakeholders. Use of social media and development of the Otterpool Park website ran alongside a series of drop-in events, workshops and briefings for local residents and stakeholders. The team has held workshops with primary and secondary schools and worked with college and university students. Early engagement allowed proposals to be explained to interested parties, stakeholders and local residents. It was also an opportunity to explore and seek solutions to various issues at an early stage, with the intention of gathering and testing ideas, reducing conflict and raising and resolving problems. Overall, it resulted in a better-quality planning proposal.

The team worked closely with two consultants who were initially appointed to lead on communications and community engagement for the planning application - Property House Marketing and Kevin Murray Associates. The overall strategy was aimed at reaching as wide a demographic as possible – young and old; the working population and those living locally and further afield. The programme of engagement activity is set out in the Statement of Community Engagement within the planning application.

Since 2018, marketing communications and engagement has been led by Pillory Barn, who will continue to work with the LLP.

Engagement and collaborative working with the LPA continue to be important for such a significant project. Separately the Council also meets regularly with a range of local stakeholders, including Kent County Council, parish and town councils, the MP, the Local Enterprise Partnership, local

amenity groups and other interested parties. It has met with most of the individual households living within the planning application area.

The aspiration for the past 12 months was to expand engagement beyond the masterplanning work to embrace a wider range of people, both in the local community and professional stakeholders including the development industry. Covid restrictions inhibited some activities, but also led to innovation in the delivery of virtual engagements and progress has been aided with the appointment of a Community and Events Manager (a part time post).

The LLP has also been discussing and supporting parishes in developing their own schemes. Lympe PC has set out a proposal to Homes England for an airfield memorial park on green space adjacent to the village, which the LLP is supporting. Discussions continue with Stanford PC over the design and future management of the buffer land around Westenhanger, and more broadly on mitigating the impacts of development on existing residents.

Engagement activity this year has included a virtual engagement to present plans for phase 1 which was well-attended by local residents and stakeholders. A follow-up survey has been useful in informing the onward direction of these plans.

The extensive engagement in the preparation of the phase 1 masterplan involved the local planning authority, Council Members, parish councils, economic and retail experts and local businesses including Holiday Extras. This resulted in feedback from a much wider range of people over a greater area and proved an excellent means of widening awareness and marketing of the site, but less in-depth feedback other than those stakeholders who had been directly involved. The pros and cons of virtual public consultation will feed into future planning activities.

Political engagement at a national level is being deployed by the Terrapin Group, with a number of briefings, roundtables and a monthly newsletter completed. Sustained visibility and engagement with a range of Government departments will remain a key part of the engagement strategy.

Strange Cargo, a local participatory arts organisation was commissioned to deliver learning and engagement activities within the community on the theme of heritage, using local community venues and Westenhanger Castle. This culminated in a very successful open day at the castle with over 150 visitors. An Otterpool Park history game has been made that has been issued to local schools in autumn 2021.

The LLP commissioned our consultants Arcadis to deliver a presentation on the heritage of the area to a local community heritage organisation in November 2021.

Engagements with a new virtual community made up of community stakeholders and local businesses have continued, providing sentiment on a number of topics that are informing development plans.

Julia Wallace from the LLP gave a presentation to industry-professionals and participated in a panel discussion at the Garden Villages and New Towns conference held at Kensington Town Hall. The LLP has also contributed to the annual Kent Property Market Report, published in autumn 2021.

Engagement activity has been captured in The Statement of Community Involvement (SCI) by our consultants Quod.

6.2 FUTURE STAKEHOLDER ENGAGEMENT

Stakeholder mapping

Stakeholders have changed as the Otterpool Park project has progressed during the past few years. Stakeholders vary from those with a specialist role in for example health, through to voluntary sector organisations and members of the local community.

One of the core principles of a garden city is around engagement, and the LLP is committed to achieving this.

While some people will only wish to be kept informed rather than participate more actively, the LLP is exploring a range of opportunities for working with local stakeholders and existing/future residents, for example:

- Ongoing work with parish councils on masterplanning each phase of development.
- Involvement in heritage through community archaeological digs and projects at Westenhanger Castle.
- Working with partners such as White Cliffs Countryside Projects to involve volunteers in environmental improvement projects.
- Community arts projects.
- Ensuring local representation on the governance body responsible for long-term management and maintenance of assets, including green space and community buildings. The potential to establish a town council in future has also been protected.

Otterpool Park will have a significant impact on current and future service planning for the Council itself, and the ongoing working relationship between the LLP and Council officers in planning and delivery of these services (beyond the Local Planning Authority) is important. The team will achieve this through regular meetings with key officers and landowner meetings.

6.3 COMMUNITY DEVELOPMENT

An important consideration for a new community is how to ensure that new residents feel welcome, supported and can form social bonds within their new community. Forging relationships between existing and new communities is also important.

The Otterpool Park team has looked at some examples of good practice and lessons learned from other garden towns and this work will continue and inform the community development strategy. It is important that, in addition to identifying and meeting stakeholder aspirations for Otterpool Park to become a vibrant community, the LLP also investigates the potential challenges for a new community for example mental health needs, potential isolation, debt, domestic abuse etc. The LLP will work with stakeholders locally and in third sector organisations and the Council to map challenges and suggest mitigating strategies. Innovative and creative ways to secure and maintain community engagement for example through events, competitions, dedicated radio/TV channels; social media and the Virtual Community to inform plans and feedback ideas to the Otterpool Park process will also continue to be explored.

6.4 STAKEHOLDER COMMUNICATIONS

Communication in the early days of the project was aimed locally, providing local stakeholders and the public with information, giving the opportunity to be involved and responding to concerns and objections. As Otterpool Park moved from an idea to a deliverable new town the strategy for communications has aimed to reach a wider audience regionally and nationally, promoting the site to potential developers, investors and future residents. This continues to be a primary objective, particularly increasing the reach to younger people and London-based businesses around St Pancras.

Pillory Barn has implemented communications and engagement since 2018 and has successfully helped the team set out the vision of the town; rebrand Otterpool Park in line with its 'Countryside, Connected, Creative' messaging, create a new website, create marketing literature including a Vision document, run/participate in several events, generate media coverage, manage media enquiries and expand social media reach.

Milestones this year (2021) have so far included:

- Preparing the Vision document and Investor Prospectus.
- Optimising website content and search rankings.
- Redesigning and refreshing the website to reflect key Live, Work, Invest and Place content.
- Creating a dedicated phase 1 area of the website.
- Delivering Covid-safe engagement activity in the form of a virtual public exhibition on phase 1.

- Local media engagement including a site tour with the editor of the Folkestone Herald.
- Sentiment surveys to the virtual community.
- Communications to promote the Strange Cargo community engagement events.
- Creating monthly newsletters and a brochure to support political and public affairs engagement touch points.
- Creating a new housebuilder newsletter.
- Securing a speaker opportunity at the Garden Villages and New Towns Conference.
- Securing content in the annual Kent Property Market Report.

Otterpool Park's communications and engagement strategy includes:

- Continued visibility and engagement with relevant Government departments.
- Developing a series of community-focused initiatives and events and communicating these to ensure attendance.
- Driving increased visits to the website and stakeholder data capture.
- Ensuring Otterpool Park website ranks highly for search and enriching website content accordingly.
- Bi-monthly surveys to the virtual community and analysis.
- Running a consultation event at the time of planning application.
- Communications and engagement activities relating to planning application approval, subject to this being the case.

In addition, each team member continues to be responsible for communicating with their own contacts within businesses, developers, agencies and community groups.

6.5 LEARNING FROM ELSEWHERE

With such an ambitious, long-term project, learning about best practice from elsewhere is vitally important, particularly where innovative and forward-thinking ideas are being tested. Study visits have been run since 2016 for Councillors, officers and other partners. Officers have met with a range of different public and private sector colleagues who have been involved with planning and delivering major sites, including other Council-led developments.

Over the next 12 months the team will continue to be involved with the Garden Communities Forum run by Homes England, which offers a range of different learning opportunities. Colleagues in Ashford continue to be generous with their time, sharing lessons learnt from Chilmington Green, in particular on long-term stewardship. Learning will increasingly be focussed on specialist issues as individual projects take shape such as designing and building the health centre and first school. Priorities for learning this year include designing for low carbon development and sustainable transport.

7. THE MARKET

7.1 INTRODUCTION

This section has been prepared in order to assist Otterpool Park LLP with an understanding of the current development land market and wider housing markets within Kent. This section is an update to the original appendix of the Business Plan and is prepared for internal purposes only for the Business Plan Stakeholders.

The current planning application and vision states that Otterpool Park is an opportunity to create a genuinely landscape-led garden settlement that integrates with the existing communities as well as the rural surroundings, to provide new homes, employment, retail, social infrastructure, community and leisure facilities. It strives to achieve high levels of sustainability, in a manner that integrates and benefits the wider district.

This report sets out BNP and Strutt & Parker's opinion of the Kent development land and housing markets and their combined opinion of exit values for Otterpool Park.

7.2 THE MARKET

SUMMARY

- The prime Minister's roadmap out of the third national lockdown was announced on 22 February 2021. On 19 July 2021, all restrictions in the roadmap were removed despite fluctuating movements in the number of COVID-19 cases.
- The Chancellor's Winter Economy Plan included a six-month Job Support Scheme, as well as other tax cuts and grants/loans to support businesses. As part of the March 2021 budget, the furlough scheme was extended to September 2021. This is a later date than the final step of the roadmap, which would provide some additional protection against any delays to the reopening of the economy or offer some transitional support as businesses scale back up. Additional measures announced in the March 2021 budget include widening access to grants to include 600,000 more self-employed people and additional funding for vaccine distribution. Importantly for the housing market, the Stamp Duty holiday was extended in England until the end of June 2021 and was finally tapered down, closing in September 2021.
- The FTSE ended 2020 15% down on the start of the year. The index was flat over January and February 2021 but did increase by 4% over March. Steady gains continued into Q2 2021 as the index was up by 8.9% (compared to the start of the year) at the beginning of July. As at the date of this report, the FTSE is at 7,205 which is up 30.4% over the last 12-months.
- The latest HM Treasury consensus forecasts, released in June 2021, have an average estimate of 6.8% for 2021 and 5.4% for 2022. The recovery predicted for 2021 and 2022 demonstrates that most forecasters expect the

fundamentals of the economy to remain strong and for it to be able to return to growth once the current situation has passed.

- National house prices defied expectations, growing by 10.3% in the year to Q2 2021, exceeding the growth in the year to Q1 2021 (6.3%). The latest quarter was the highest YoY growth since the year to Q3 2014. As such, since the original appendix 3 of the 2020 Business Plan, house prices have continued to grow on the back of increased demand, particularly from London and outside Kent, limited supply, SDLT savings and a more buoyant and confident market.
- The impact of the first group of restrictions as a result of the pandemic were felt over the historically busiest three-to-four months of the year, meaning Q2 2020 saw the lowest sales transactions ever recorded. However, the latter half of 2020 and start of 2021 recovered some of these losses. The recovery has continued to gain momentum into the second half of the year as Q2 2021 saw the highest transactions since Q4 2013. The record-setting trends in recent transaction levels have been linked to the extension of the stamp duty holiday as buyers rushed to purchase homes before the holiday drew to a close at the end of the summer.

Agents reported that Q3 2021 was a third consecutive strong quarter. Trade from international buyers is still restricted, but domestic buyers have more than filled the gap in the majority of London prime markets. Everything is positive except for stock, which is constrained, especially in the regions. Properties that are best in class will likely experience growth of more than the best case forecast of 5%. Unemployment remains a key uncertainty, however, which may come to the fore once the furlough scheme ends. The PCL forecasts are retained at growth of between 0% and 5% over 2021, and the forecasts are upgraded to between 5% and 10% for the UK over 2021.

7.3 ECONOMIC OUTLOOK

In 2021, some countries (including the UK) had to reimpose further lockdowns as the spread of the virus increased. McKinsey¹ recently reported that, across Europe, approximately 26% of total employment is at risk.² Across European sectors, this ranged from agriculture (4%) to accommodation and food (77%) with real estate below average at 17%. Even when the health concerns of the coronavirus pandemic are curtailed, the pandemic has the potential to result in persistent social and behavioural impacts, changing attitudes to travel and human interaction.³

A third national lockdown was announced on 4 January 2021. The roadmap announced on 22 February 2021 allowed for gradual reopening of the economy from late March. In any event, the housing market has stayed open throughout this lockdown, with safety measures in place to reduce the spread of COVID-19. All restrictions were removed on 19 July 2021.

Moving away from Coronavirus, the Brexit Transition period ended on 31 December 2020. On the 24th December 2020, the negotiators from the EU and UK reached an agreement on a new partnership which sets out the rules

that apply between the EU and the UK as of 1 January 2021. This agreement has been approved by the EU member states and the UK Parliament and provisional application of the agreement took effect on 1 January 2021. In response to the deal, the FTSE 100 rallied on the first day back of trading after the Christmas break.

In the OBR's latest forecast (March 2021), growth for 2021 is projected at 4%, lower than the 5.5% which was forecast in the November 2020 forecast. This is less optimistic than the June 2021 HM Treasury consensus forecasts which have an average estimate of 6.8% for 2021. However, for 2022, OBR projects growth at 7.3%, which is more bullish than the HM Treasury consensus forecasts of 5.1%. The recovery predicted for 2021 and 2022 demonstrates that most forecasters expect the fundamentals of the economy to remain strong and for it to be able to return to growth once the current situation has passed.

In their central scenario, the Monetary Policy Committee expects recovery to pre-pandemic levels over the course of 2021 as restrictions continue to be loosened.⁵ The OBR's forecasts for peak unemployment were revised after the March 2021 budget, with unemployment expected to peak at 6.5% in 2021, lower than previous estimates. The latest estimates from the HM Treasury consensus forecasts are slightly more optimistic, with a predicted average unemployment rate of 5.7% for 2021, decreasing to 4.9% over 2022.

The latest figures from the ONS show that inflation (CPI) as of June 2021 is 2.4%. This is 0.4 percentage points above the 2.0% target, which was exceeded for the first time since July 2019 in May 2021 (2.1%). The June 2021 inflation rate was significantly above the year before (0.8% in June 2020). According to the ONS, recent inflationary pressure is mainly attributed to a rise in transport prices, as well as clothing, recreational goods and food & drinks.

The Chancellor has announced an unprecedented package of Government-backed interventions aimed at supporting businesses and individuals through the current situation. As part of the Chancellor's Winter Economy Plan, there will be a new six-month Job Support Scheme to protect viable jobs in businesses that are facing low demand due to the virus, an extension of Self Employment Income Support Scheme, and over one million businesses will get flexibilities to help pay back loans.

1 McKinsey & Co, 2020. Safeguarding Europe's livelihoods: Mitigating the employment impact of COVID-19

2 Formally defined as at risk of reductions in hours or pay, temporary furloughs, or permanent layoffs

3 McKinsey & Co, 2020. Reimagining Work Life After Covid-19

4 Bloomberg, 2020. U.K. Markets Rally in First Full Trading Day After Brexit Deal. Retrieved from <https://www.bloomberg.com/news/articles/2020-12-29/u-k-markets-rally-in-first-full-trading-day-post-brex-it-deal>. Accessed January 2021.

5 Bank of England, May 2021, Monetary Policy Report

7.4 PROPERTY OUTLOOK

NATIONAL MARKET

According to the Nationwide House Price Index (NWHPI), UK property prices grew by 10.3% in the year to Q2 2021, exceeding the growth in the year to Q1 2021 (6.3%). The latest quarter was the highest year on year growth since the year to Q3 2014.

The May 2021 Bank of England report states: “Housing market activity was strong, in particular for people wanting to move out of cities to larger properties. Buyer confidence was supported by Government measures to increase the availability of high loan to value mortgages and the extension of the transaction tax holiday in some parts of the UK. But the supply of properties available for purchase remained constrained, pushing up house price growth. Contacts also reported a shortage of rental properties around most of the UK, although the rental market in London had cooled.”⁶ Evidently, Government backed initiatives and measures have had a significant impact on the recent trends in the housing market.

Further to the Chancellor’s Spending Review speech on 25th November 2020, the statement allowed for £20 billion in multi-year capital investment for the long-term housing strategy which includes:

- National Home Building Fund with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes, including:
- £4.8 billion of capital grant funding, including for land remediation, infrastructure investment, and land assembly.
- Delivery of the Brownfield Fund, announced at the Budget.
- An additional £100 million in 2021-22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates, and releasing public sector land – including serviced plots for self and custom builders.
- £2.2 billion of new loan finance to support housebuilders, includes Help to Build for custom and self-builders and funding for SMEs.
- Re-confirming £12.2 billion for the Affordable Homes Programme - delivering up to 180,000 new homes for affordable homeownership and rent, now with a larger proportion outside of London.

6 Bank of England, May 2021, Monetary Policy Report

7.5 FORECASTS

The economy proved itself more resilient over the last 12-months than the early forecasts had anticipated. UK-wide house price growth was stronger than the best-case scenario.

At the UK level, price growth has been extremely strong. Growth would have to be flat for the rest of the year to see annual growth of just 5% (the previous best-case forecast). Agents report continued lack of stock and state that demand still exists in the market. These are expected to lead to further price rises, albeit at a slower rate than this quarter's results given the end of the stamp duty holiday and a correction in the market after such high price growth. This activity is expected for years; as there has been a permanent shift in behaviour and lifestyles, and the market will take time to adjust to that. The forecast for Q4 2021 is therefore revised upward to between +5% and +10%, and the five-year cumulative forecast is also revised upwards to between +20% and +35%.

Agents report that the market is increasing in activity, but some of this is expected to slow after Q3. The best- and worst-case scenarios are both marginally revised upwards to 0% and –8% for 2021, and the cumulative five-year forecasts are upgraded slightly to between 6% and 19%.

Area	2021		5 yrs to 2025 (inc)
	Best case	Downside Risk	
Sales			
UK	10%	5%	20% to 35%

7.6 CONCLUSION

The continued strength of Q3 2021 sales has maintained the positive sentiment that came to fruition in the previous quarter. The market is at some of its strongest levels ever seen in terms of price and transactions, although stock is low in the regions.

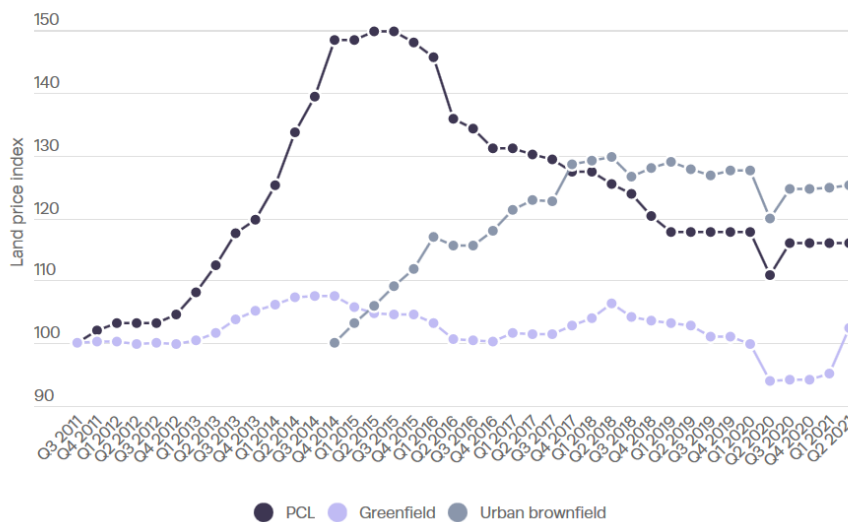
House prices continue to rise, particularly in this part of Kent, which is within striking distance of the main commuter hubs, including Ashford. Demand for workers looking for a work-life balance has driven up values within ten-miles of Ashford, Canterbury, Ebbsfleet and Folkestone, typically 10% above Q3 2020 levels. However, this rise in market housing values has not fully filtered through to the wider development land market, largely due to the rising cost of materials and labour, which is curtailing housebuilder activity at a local level.

Despite cost challenges, demand for land has increased over the last quarter as all players continue to seek land opportunities. Against a backdrop of limited stock, there is pent up demand and increased competition for sites. Although appetite remains for bulk sales for Build to Rent and affordable

housing, developers have favoured open market sales opportunities supported by the resilient housing market. Deferred payments are still being offered, however as land sales have become increasingly competitive, some vendors have been able to negotiate more favourable, upfront payment terms.

High new home sales rates averaging 0.84 sales per outlet per week in April 2021, robust order books and completions, have brought forward land purchasing requirements for many housebuilders.

Quarterly land price index



Major housebuilders have deployed capital into new land opportunities, with some investing at rates ahead of previous years in order to match ongoing demand for new homes and to meet medium term growth targets.

Despite housebuilder positivity, pricing for development land is having to factor in supply-chain issues and a shortage of raw materials, which adds a layer of risk to land tenders above normal levels. Half of volume housebuilders have reduced their margins in the last quarter to compete for land amid rising costs, according to new research. This compares with 28% of small and medium-sized enterprises squeezing their profits to fight for land. Overall, 40% of respondents in a recent survey of 38 volume housebuilders and SMEs said they have reduced their margins, supply chain delays force build costs up.

Fortunately, this is off-set, and more, by house price growth and the net result is that housing values, commercial values and, more importantly, land values remain equal to or above those reported in the Business Plan.

8. FINANCES

8.1 FY22-23 Financial Business Plan

In the approved Business Plan, profit was projected to be £193m over the lifetime of the project, with the project breaking even in the first 10 years. The pace and timing of these returns will be largely determined by the market, infrastructure costs and funding costs.

The property market is currently buoyant, and sales values are currently increasing faster than infrastructure costs. However, with such a long development period, the market and costings will change through the life of the scheme and financial projections would indicate a substantially larger profit in the region of £240m to £270m, in a 30-year window the UK is expected to go through five or six economic cycles, therefore, it is not considered prudent to assume all of this will be deliverable at this time.

The aim is to find the balance between managing cashflows, so that the project does not exceed the £75m working capital budget whilst accelerating infrastructure to give new residents early access to the facilities commensurate with living in a new garden town.

Since last December substantial work has been carried out to appraise the impacts of changes in the market and more detailed work has been done on costings, both to bring them up to date but also in terms of a much finer grained analysis of infrastructure requirements. These financial appraisals have helped us better understand the cashflow sensitivities. The profit forecast is similar to £193m or slightly better than previously reported over the project's lifetime, however, in the medium-term windows of 5 years, the financial position has weakened, though this is rectified by year 10, as shown below in Fig.1. In other words, the project is forecasted to break even quicker.

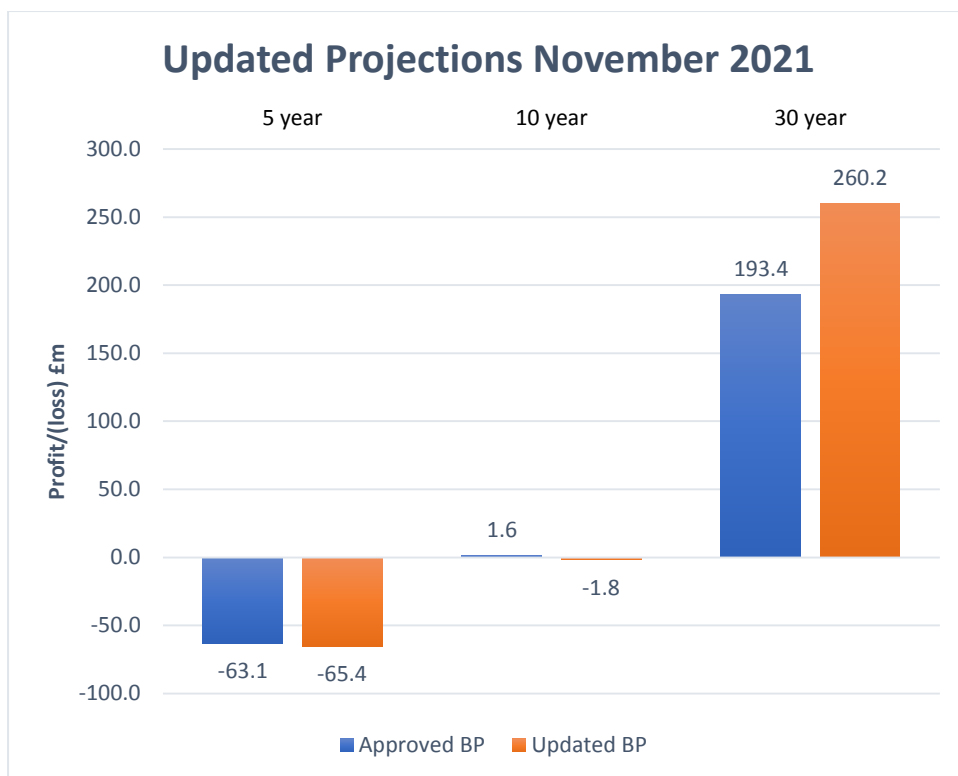


Figure 1

Since the production of the Business Plan, time has been spent validating, aligning, and refining the magnitude and the timing of cashflows in the following ways:

Alignment of key assumptions: The approved Business Plan utilised analysis by BNP and Arcadis. Since then, time has been spent developing financial appraisal tools to integrate legal advice from Browne Jacobson LLP and financial and tax planning advice from Kreston Reeves LLP. Now that the appraisal tools are built in-house, they can be customised to support management decision making. This appraisal is shared on an open book basis with Folkestone & Hythe District Council to ensure that the LLP’s Business Plan is aligned to the Council’s Medium Term Financial Strategy (MTFS), which forecasts the next 4 years.

Funding: Folkestone & Hythe District Council will fund the project with up to £75m of working capital. Interest will be rolled-up until the LLP starts to get revenue streams. Cash reserves will initially be used to reduce the loan from the Council. Once paid off, the LLP directors will assess future working capital requirements to decide how much dividend can be returned to the LLP’s members. The loan interest rate from the Council to the LLP has been reviewed by Public Sector funding experts, Arlingclose, to ensure that it reflects current market rates. In other words, it is an arm’s length rate that will pass tests set by HMRC, audit and subsidy rules.

Infrastructure costs: The original Arcadis cost estimates have been peer reviewed by Exigere, and the costs have been independently benchmarked to recent comparable projects.

Revenue: Market testing has provided confidence that the rates in the approved Business Plan are achievable if not capable of being bettered, based upon initial offers from national and regional housebuilders. The selected housebuilders will need to meet design and quality standards and cover a diverse housing mix, including self-build, high and low density, and offer range of products to optimise revenues through strong place making. BNP and Strutt & Parker are currently running a full market test. The results of which will be known late in the year but will of course inform the appraisal. BNP and Strutt & Parker have assessed the wider property market to understand latest predictions for house prices and although the market is currently buoyant there is a strong message of caution to avoid recognising higher revenues at this time.

Risk management: Significant allowances are included within the project costings for risk and contingency. These sums are based upon advice from cost consultants Exigere. It is clear that the project's risk register is reflecting reduced risks after only one year of the Business Plan.

Cashflow and peak debt: This Business Plan is focused on the five years from FY2021-22 until FY2025-26, though the graph below shows a 10-year window to make it comparable to information provided in the approved Business Plan. The following graph (Fig.2), shows how the £75m of working capital funding compares to the cumulative cashflows, including the original appraisal from last December and the current appraisal incorporating the more detailed and current information referred to above. In contrast, initial analysis by Stantec has identified opportunities to push back some of the site wide infrastructure, so that it is better aligned to the parcels that are being released to developers.

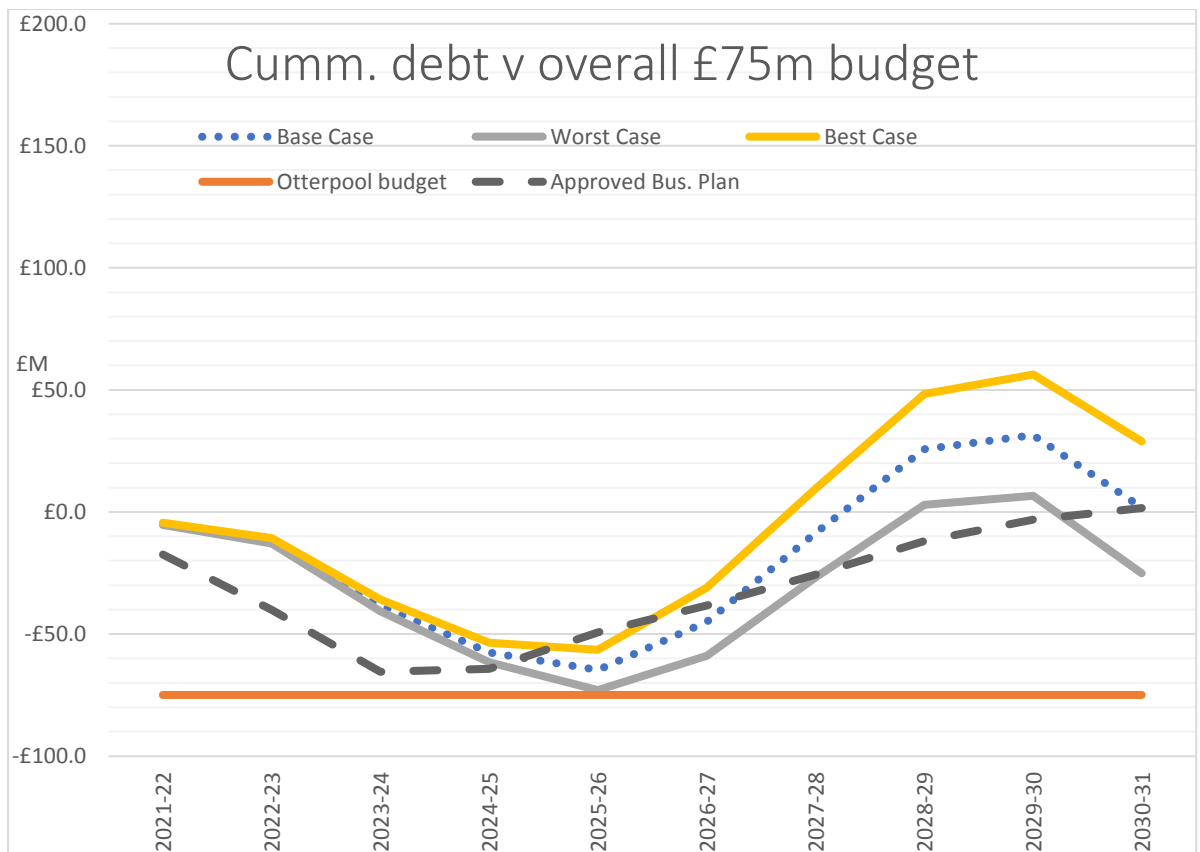


Figure 2

Sensitivity analysis: Quantifying various scenarios to determine the impact on cashflow and to ensure that peak debt does not exceed the LLP's £75m working capital budget.

In Fig. 2, several scenarios are shown, and the assumptions are explained, as follows:

Base case scenario, almost breaking even in the seven-year window

- In FY23/24, a multi-purpose community facility will be built. It will also provide a temporary medical centre until the volume of homeowners has increased to warrant a dedicated modern medical centre, probably in FY30/31.
- In FY23/24, a 3-form entry primary school will be built.
- In FY24/25, the first mobility hubs will be commissioned, with further hubs scheduled for FY30/31.
- Infrastructure costs have reduced by £1.6m since the original Business Plan.
- Almost £100m of infrastructure costs will be incurred in the first 5 years, which creates a cash outflow. However, it is expected that 30% of housebuilders will provide advanced receipts over 4 years and build over seven years. These larger housebuilders tend to have more cash reserves, though they will expect to pay a lower cost per plot to compensate for this cash injection that helps to minimise peak debt.

- To comply with Environment Agency regulations regarding water quality, a Wastewater Treatment Facility will be built. The cost will be recovered when households connect to this facility.
- Risk has been included in the cost assumptions to cover construction, strategic and financial risks. Risk management workshops will be run to proactively look for opportunities to de-risk the project.
- The Council will provide all funding via a loan with rolled up interest calculated at 6%.

Worst case scenario

- If base case costs increase by 10% and revenue decreases by 10%, profit decreases by £8.4m.

Best case scenario

- If base case costs decrease by 10% and revenue increase by 10%, profit increases by £8.4m.

The following graph (Fig.3) shows a bridge to reconcile between the Approved Business Plan's 5-year debt of £63.1m and the latest forecasted debt of £65.4m. In summary, delays in planning have pushed the project back nine months; this has reduced spend on strategic infrastructure (£13.8m) and the associated risk (£12.4m), but this is offset by a delay in receiving House Builder Revenue to year six, effectively netting out the overall change.

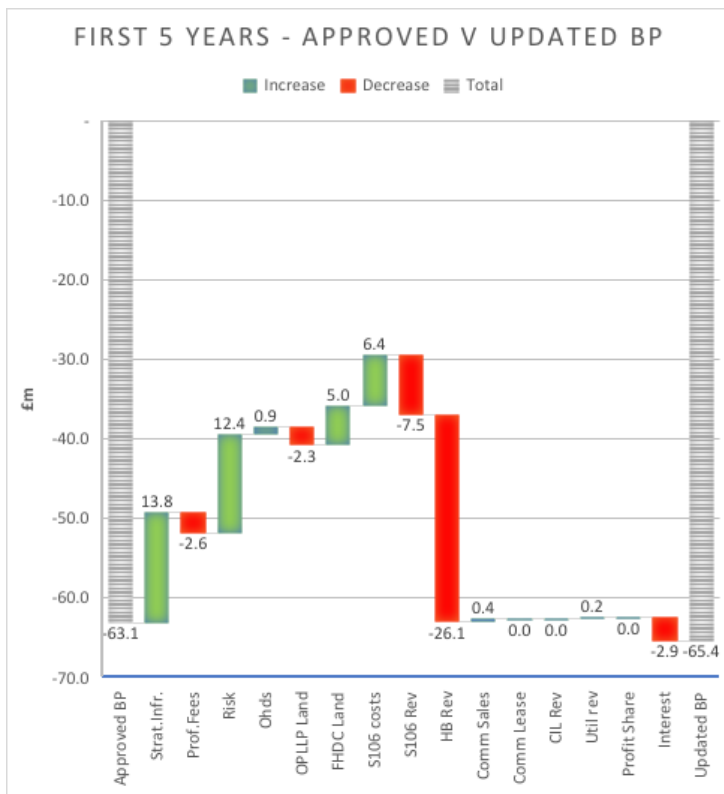


Figure 3

FY22-23 budget request:

The FY22-23 budget of £7.5m will be spent as shown below to conclude the Outline Planning Application and secondly to plan the next construction phase that will happen in FY24-25.

	£k
Infrastructure planning	2,900
Overheads	1,500
Site masterplanning and long lead items	3,100
Land purchases including fees (non-expected)	nil
Total*	<u>7,500</u>

* This includes £790k of contingency

Detailed breakdown on FY 22-23 budget request:

Infrastructure planning	FY22/23 £k
Engineering and environmental fees	2,100
WWTF design fees	110
Legal and financial fees	200
Other design fees	100
Contingency @ 22%	390
Total infrastructure planning costs	2,900

Overheads	FY22/23 £k
Staffing	700
Local government planning fees	350
Other	50
Professional fees	100
Interest on borrowing	300

Total overheads	1,500
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Masterplanning Projects	FY22/23 £k
Castle Barns - phased restoration start with main barn	400
Phase 1 landscape detailed design (other than park) and advance planting	300
Phase 1 landscape: advance ordering of trees	300
First primary school - design	200
Castle Park detailed design including engineering works	150
Castle priority repairs	150
Phase 2 masterplan commission and design code (area to be confirmed)	150
Phase 3 masterplan commission and design code (area to be confirmed)	150
Creative Folkestone Action Plan	120
Detailed design for town square and associated buildings (Architect and landscape design brief)	100
Station improvements	90
Misc. community initiatives	80
Ongoing design advice and support for phase 1 and delivery of input into town centre	80
Establish stewardship body	70
Ecological habitat creation phase 1	50
Leisure centre feasibility study	50
Otterpool Avenue detailed design	50
Health and wellbeing - Consultant advice on delivery of GP services	50
Design for marketplace building, playing pitches, school square	50
Sustainable transport package - business case	40

Delivering employment space - feasibility work with companies	30
Further archaeological work (other than castle which is covered above)	40
Contingency @ 15%	400
Total masterplanning costs	3,100

DRAFT

9. PLANNING STRATEGY

This section sets out the planning strategy of the LLP in relation to Local Plan matters, and the obtaining of the necessary consents, permissions and agreements to allow the scheme to proceed.

9.1 SUPPORT FOR SITE ALLOCATION IN CORE STRATEGY REVIEW

As stated in the National Planning Policy Framework (NPPF), planning law requires that applications for planning permission are determined in accordance with the development plan, unless material considerations indicate otherwise. At present the principal development plan document for the Folkestone and Hythe district is the Core Strategy that was adopted by the Council in September 2013.

In spring 2020, the Core Strategy Review (CSR) was submitted to the Planning Inspectorate for examination. This will replace the current Core Strategy. It includes a series of policies that support the principle of development at Otterpool Park for up to 6,375 homes within the plan period (to 2036/37) and ultimately between 8,000 to 10,000 homes.

In July 2020, in response to a number of matters, issues and questions issued by the planning inspectors (appointed by the Secretary of State for Communities and Local Government), the LLP submitted a series of responses and supporting evidence relating to a number of topics and in particular those relating to the supply and delivery of housing and the strategy for the North Downs area, that contains the site-specific policies for Otterpool Park.

An Examination in Public (EiP) was held during December 2020 and January 2021 and reopened in the summer to examine the draft policies, representations and technical basis for the Core Strategy Review. The technical examination covered a broad range of topics, and also involved overlapping supporting statements from the LLP team in support the Local Planning Authority's (LPA's) position and draft policies.

The broad focus of the examination of the New Garden Settlement (NGS) policies focused on the deliverability of the NGS. A core element of the deliverability case focused on the role of the LLP in demonstrating that a financially viable scheme for Otterpool Park can be delivered that complies with the emerging policies in the CSR and supports the overall timeframe for the delivery of housing across the district.

Of significant note was the review of measures proposed by the LLP to demonstrate, as part of the examination process, that the scheme will achieve nitrate neutrality, and therefore not have an adverse impact on the European designated habitat sites at Stodmarsh to the northeast of Canterbury, and that sufficient improvements can be made to junctions and

roundabouts on the strategic road network to satisfy the requirements of National Highways.

These issues were resolved to the satisfaction of the Inspectors, with some overlapping issues relative to wider strategic allocations, as well as background growth in the district. The inspectors of the Core Strategy Review have recommended a series of modifications necessary to make the policies sound, which have been approved by cabinet and will be the subject of public consultation until 15th November 2021. It is anticipated that the Council will adopt the Plan in February 2022.

OBTAINING CONSENTS

Securing a range of planning permissions and other consents will be necessary over the lifetime of the project in order for Otterpool Park to be delivered. It is therefore important that the LLP develops a clear strategy for preparation and submission of the necessary applications to allow the scheme to progress.

Following extensive consultation with stakeholders and the local community the outline planning application for the scheme is being amended. It is anticipated that a number of documents, including an updated suite of parameter plans and an updated Environmental Statement will be submitted to the local planning authority in late 2021. The amended information will be subject to a further round of stakeholder and public consultation.

Originally anticipated timescales associated with the adoption of the Core Strategy Review have been frustrated by a number of factors, notably the pandemic and late positioning by Highways England (now National Highways) that affected the ability to conclude the examination discussions. It is now anticipated that the Core Strategy will be adopted early 2022.

The amended outline planning application will be the subject of a 10-week consultation after which the application will be reviewed with officers, and duly reported for consideration of the planning applications by the Council's Planning and Licencing Committee. If the application is approved by the Committee, it will then be necessary for the LLP and the LPA to agree and finalise a S106 legal agreement, with the aim that this will be completed by autumn 2022.

Given the scale and complexity of the Otterpool Park development, it has been agreed that that a three-tier approach will be adopted in relation to the securing of detailed planning permission. Such an approach has been employed successfully at other garden town developments such as Waterbeach in Cambridgeshire.

The three-tier approach is set out below:

- **Tier 1:**

Outline planning permission granted and S106 agreement completed.

- **Tier 2:**
Defines the framework for each phase of the scheme and will include, for example, submission to the LPA of the masterplan and design code. It is anticipated that at this stage it will also be necessary to update other key documentation such as the transport strategy and heritage strategy, on a phase-by-phase basis, as part of the series of tier 2 submissions.
- **Tier 3:**
Consists of the detailed reserved matters applications for the different elements of the scheme. Such applications will be numerous and varied and will include, for example, applications in relation to highway infrastructure, sustainable drainage system (SUDS), educational facilities, town centre public realm, houses and flats, employment uses, wastewater treatment works etc.

In addition to achieving detailed planning permission, through the three-tier approach, it will also be necessary to discharge a range of pre-commencement and other planning conditions, as well as monitoring ongoing compliance. There will also be the requirement to make a variety of contributions and deliver a series of obligations as set out in the S106 agreement.

As well as achieving planning permission for the various components of the scheme it will also be necessary to prepare and submit applications for other types of approval which are likely to include the following:

- Building regulations approval.
- S278 Highways Act 1980 agreement - to make alterations or improvements to a public highway, as part of a planning approval.
- S38 agreement – relating to the adoption of the highways by the highway authority, Kent County Council.
- Scheduled monument consent and listed building consent.
- Main rivers consent – for work within a specified distance of the East Stour River.
- Applications related to the stopping up and diversion of the highway, footpaths, bridleways or byway.
- Various technical approvals related to the provision of utilities such the onsite electricity supply, ultrafast broadband, SUDS and wastewater treatment.

In considering the scheme as whole there will be a number of consent and approvals that will fall to the LLP, as master developer, and a number that will fall to third-party developers for specific elements of the scheme. As such it will be necessary for the LLP to appoint a series of external consultants in relation to each of the consents and approvals for which they are responsible.

To conclude, the process of obtaining the necessary consents to allow the Otterpool Park scheme to proceed is both complex and ongoing and will involve close liaison between the LLP, the LPA, other public bodies, third-party developers and the local community.

9.2 PLANNING INCLUDING UTILITIES / INFRASTRUCTURE

In order that Otterpool Park's objectives can be achieved, it is firstly necessary to deliver the essential infrastructure provision that enables the key elements of the town to be delivered.

As master developer for the garden town, the LLP has a key role to play in the delivery of such infrastructure. In order for the LLP to be in a position to deliver this infrastructure it is necessary to develop and deliver a detailed programme of activities based on the following stages.

9.3 S106 AGREEMENTS

As previously stated, it will be necessary for the LPP, as part of the process of obtaining outline planning permission, to enter into a S106 legal agreement setting out a range of contributions and other obligations.

Development of the S106 agreement is being progressed as a two-stage process where firstly a detailed heads of terms will be agreed between the LLP and the LPA (that can be included as part of the officer's report to the Planning and Licencing Committee) followed by the detailed drafting of the agreement. Initial discussions with the LPA have identified an initial list of topics for the heads of terms to cover that will be subject to further discussion and negotiation:

Transport Infrastructure

- Non-motorised user infrastructure
- Public transport infrastructure
- Highway infrastructure
- Monitoring Governance and Design Quality
- Long-term stewardship
- Securing design quality
- Monitoring

Social and Community Infrastructure

- Affordable housing
- Community facilities
- Education
- Health
- Emergency services
- Retail and employment
- Open space

- Skills and employment
- Heritage and archaeology

Environmental and Utilities

- Waste
- Digital infrastructure
- Water
- Energy
- Biodiversity
- Sustainable design and construction

The traditional approach to the development of a S106 agreement is for the developer to commit to making a series of financial contributions, triggered by different stages in the progress of the scheme. These are made to the appropriate provider such as the local education or health authority.

However, given the role of the LLP as a master developer, consideration is being given to the role the LLP can play in terms of the direct provision of infrastructure and how this should be reflected in the S106 agreement. An example of this might be the commissioning and construction, by the LLP, of the first primary school. This is covered in more detail below.

Given the long-term nature of the Otterpool Park scheme it is considered appropriate to adopt a 'monitor and manage' approach to the provision of infrastructure, for example in the areas of transport and education, whereby the level of demand and the need for infrastructure is monitored on a phase-by-phase basis and the infrastructure strategy and S106 obligations adapted as appropriate and to reflect advances in technology, behaviour etc.

The LLP has instructed lawyers to begin the drafting process, with LPA discussions continuing to progress heads of terms and detailed drafting in parallel.

9.4 ROLE OF THE LLP IN PLANNING

The LLP team will be responsible for preparing and submitting the planning applications and documents associated with tiers 1 and 2, working with a team of planning and technical consultants who will be directly appointed by the LLP. In the main tier 3, reserved matters applications will be the responsibility of the LLP as they relate to strategic infrastructure, including highways, drainage, strategic landscaping including parks, heritage assets such as the castle and barns, future community assets and any speculative commercial buildings. Housebuilders will have responsibility for reserved matter applications within their own land parcels.

The LLP has an important role as the guardian of design quality, ensuring retaining design and development standards are retained for all housing, commercial development, public buildings and public realm. All developers

will be expected to support the overall vision and objectives of the project. Procurement of housebuilders and developers will require them to follow the strategic and phased design codes and submit their proposals to the LLP for comment before submitting their applications to the LPA.

Community and Cultural Services

Planning and delivery of a new community of this scale offers the opportunity to plan properly for delivery of all facilities that will be needed by the local community and learn from innovative approaches in service provision that can improve the quality of people's lives.

An important consideration is the flexibility to respond to changing needs and technological innovation over the coming decades, and to learn lessons from early phases. Creativity, arts and culture are important parts of the vision and identity of the town and have the potential to educate, improve mental health and enrich the quality of the environment in the town.

Further details on the procurement and construction of community facilities including schools and health centre are set out below under Infrastructure Strategy.

Progress on some aspects of community services delivery slowed down while the post of Community and Events Manager was filled in autumn 2021. However, progress has been made on several fronts, summarised below.

Health and wellbeing

Otterpool Park is committed to providing residents with a Health Centre, delivering high quality primary care and additional community, social and specialist services.

The Public Engagement Agency (PEA) was commissioned to design the first steps for a health and well-being strategy which included stakeholder analysis; key health sector stakeholder interviews and workshop; producing terms of reference for an Otterpool Park Garden Town Health and Wellbeing Steering Group and five associated working groups:

- Population health
- Stakeholder engagement and co-design
- Model options and estates
- Finance and funding
- Workforce recruitment, retention and training.

PEA also produced first-steps documentation for the broader health and wellbeing public engagement strategy. Future stakeholder engagement for health and wellbeing will focus on taking these strands of work forward with PEA and other agencies as appropriate. It is also important to recognise that

health and wellbeing impacts on and is impacted by many of the other thematic work streams at Otterpool Park including sport and leisure; culture/art/heritage; education and environment, therefore stakeholder engagement needs to integrate across thematic strands wherever possible.

Education and lifelong learning

Provision for up to seven primary schools, 12 nurseries and one secondary school (with a reserved site for a second) has been made at Otterpool Park.

It needs to provide one, possibly two, two or three form entry primary schools by 2025 (depending on Kent County Council analysis of school places requirements) with associated early years learning provision.

The Learning Company (TLC) were engaged to develop first steps for the Otterpool Park education strategy. Following in-depth interviews with key stakeholders they produced the Otterpool Park Education Vision and Strategy in June 2020 and the Otterpool Park Schools Design Guide. Next steps will include deep engagement with education sector and third sector stakeholders to develop plans for the new primary schools and explore the concept of an education campus on site to accommodate future secondary and further education provision.

A wider community stakeholder engagement strategy will be developed to feed into the co-production of a lifelong learning plan for Otterpool Park, ensuring the schools link in to the cultural, business and sports/leisure pathways for the development.

With the education strategy and specifications for all types of schools in place, the LLP is ready to commission its first primary school. Agreement in principle has been reached that the LLP will build all schools, but with a fallback position in the S106 that Kent County Council Education will do so. The county has recommended that opening of the first school be pushed back as there is some capacity in schools nearby, however there is support from the Board to stick to the original objective of providing the first school early, for a range of reasons. This may require some initial subsidy while the pupil numbers at the school grow. Architects have been appointed to design the first primary school. It is important that the LLP sets a high standard in the design of the first school, both as a benchmark for others and as the first community building in the town.

Creative Otterpool

The Council has been working with Creative Folkestone since the early days of the project and have worked together on the cultural vision for the town and the Cultural Strategy.

The aims of this work are to ensure arts and culture are embedded in the design of places and spaces but also services. Also, to create an environment that is attractive to the creative industries but complements rather than

competes with the thriving arts scene in Folkestone. Through this work Creative Folkestone was engaged to consult with stakeholders and subsequently produced the Otterpool Creative Action Plan.

The plan outlines a three-year period of audience development and management to reach a wide set of inter-generational participants, in order to co-produce cultural commissions. This may include permanent installations, events and festivals.

The LLP has been working with Creative Folkestone on a three-year action plan that sets out a range of tasks. This year the focus has been on contributing to the phase 1 masterplanning process and the creation of an active and vibrant town centre. A curator has been appointed through Creative Folkestone as an early 'strand' of work to ensure that artists are embedded in the process of designing places and spaces not just in freestanding artworks. As an example, the brief for the first school will include the requirement to involve an artist.

Westenhanger Castle, Barns and Castle Park

Westenhanger Castle is a scheduled ancient monument and listed building, with a rich heritage going back to medieval times. It is an important asset in setting the character and identity at the heart of Otterpool Park. The Council acquired Westenhanger Castle in 2019. The LLP will prepare detailed proposals for the future use and development of the castle, the associated barns and its parkland setting.

9.5 FORWARD PLAN 2022/23

Stakeholder engagement

The appointment of two Community and Events Managers (1.5 posts; one starting September 2021 and a second in 2022) will give capacity to widen and deepen relationships with organisations such as Folkestone & Hythe District Council officers, Kent County Council, the CCG, voluntary sector and others during 2022/23. Wider marketing and awareness raising, including within the development industry, will be increasingly important.

The LLP and its consultant team are working with other local groups such as heritage societies to share information about the archaeological finds on the site, and to gather local knowledge from those who have been involved in local historic research.

The next formal planning engagement will be consultation to tie in with the formal planning consultation on the revised planning application documents. This will be a combination of virtual events and public in person exhibition.

Community facilities delivery

Education:

Education provision within new schools is no longer the responsibility of the local education authority. It needs to go through a procurement process led by the county council, with the final decision on the provider sitting with the Regional Schools Commissioner. The alternative is for school proposals to be submitted to the national free schools programme (though this relies on the timing of future 'waves' of the programme, each with its own deadline). It is advisable for the LLP to build relationships with academy trusts it feels meet its aspirations to set out its vision and encourage successful bids for each school. However, another potential option is for the LLP to set up its own academy trust that would run all the Otterpool Park schools (if successful in the bidding process). This would ensure, for example, that schools had a strong role in the community, with shared facilities. A complementary range of education facilities could be coordinated across the town, each school having its own specialities, thus ensuring the sum of education is greater than its parts. The LLP is seeking advice from education specialists on this and intends to consider this as an alternative option.

Health and wellbeing:

The Kent and Medway CCG Estates Strategy (2021) notes Otterpool Park and sets out its intention to procure GP services for a new health facility in the town. However, this process will only be triggered when demand from the new community and overcapacity in existing services can be demonstrated. The LLP is committed to providing some form of healthcare space / GP provision on site an early, potentially as a satellite to an existing surgery. The current preferred option is a multi-functional building within the town centre – a 'market hall' – will be created that will host a range of functions on a temporary basis until the town population grows enough for standalone facilities such as a health centre to be built. This can include flexible space for GP and other health and social care services in the early years, so that the LLP's commitment to early health provision can be met. This also allows time to develop the specification for the health hub over the next few years, working with the CCG.

The LLP is part of a wider forum within the southeast that is looking at best practice in health and wellbeing hubs. This will help inform the nature of the facility at Otterpool Park and other services that could be housed in or next to it. There are mutual benefits to working with colleagues in Ashford and Ebbsfleet who are going through a similar process, and potential for joint working with the CCG across all three projects.

Creative Otterpool

Proposals for the coming year are set out in the Creative Otterpool Action Plan. The plan also sets out why Creative Folkestone is uniquely placed to take up the role of partner to the LLP in delivering the action plan, and thus exempt from a wider procurement for this service.

The plan has three main workstreams:

- Strand 1: community arts project commission (to a community arts organisations) and schools projects.
- Strand 2: public programme of cultural events and learning that celebrate the site, including e.g. an urban room; archaeological digs; walks and tours; crafts. This includes working with East Kent College.
- Strand 3: curator role including artist commissions, as described above.

In order to plan properly and leverage funding from other external bodies such as the Arts Council, Creative Folkestone is looking for a three-year commitment to the action plan, which the LLP supports. The action plan has been included in the budget for 2022/23 with commitment agreed in principle for subsequent years, but the programme of work will be reviewed and revised at the end of each financial year.

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10. INFRASTRUCTURE STRATEGY

INFRASTRUCTURE PLAN NOVEMBER 2021 TO MARCH 2025

10.1 INTRODUCTION

To prepare for delivery of new housing as early as possible after planning consent, Otterpool Park LLP needs to put in place measures to plan, design and deliver new infrastructure. In addition, there will be several pre-commencement planning conditions that will need to discharge as the Master Developer.

The design, approval and procurement of this work has long lead-in times and will be delivered on a phased basis to suit the projected buildout rate.

For the remainder of FY21/22, focus will transition towards planned delivery of the earliest pieces of infrastructure in Phase 1 to coincide with a grant of planning consent. This Business Plan is structured as follows:

- October 2021 to March 2022: focus on planning new infrastructure, surveys and design development
- April 2022 to March 2023 (FY22/23): focus on detail design and construction procurement
- April 2023 to March 2024: Year 1 delivery
- April 2024 to March 2025: Year 2 delivery

MANAGING THE PROGRAMME AND PRIORITIES

The Infrastructure Delivery Plan (IDP) sets out the sequence of proposed infrastructure by combining several critical influences together. Consideration is given to the location of building parcels, the consents and approvals required, surveys, procurement and construction timescales. A planning consent is expected to include many conditions that will need to be discharged prior to commencement or occupation. Reserved matters applications will also follow prior to commencement. The IDP will be used to track and update the programme and priorities in response to the latest understanding and allow the LLP to look ahead and shape business priorities to meet future infrastructure needs.

The infrastructure budget, scope and programme will be managed on an individual project basis. Supplier and contractor costs will be assigned against individual projects.

PROJECT GOVERNANCE

The infrastructure team is overseen by the Director of Construction.

On a more practical basis, the LLP will undertake and plan the following regular governance practices:

- Monthly infrastructure team coordination meetings
- Regular working group with Kent County Council
- Monthly updates to the infrastructure project risk register

The LLP is currently producing short infrastructure project data sheets to summarise project leads, contributors, stakeholders and key information related to each infrastructure project.

10.2 OCTOBER 2021 TO MARCH 2022 (FY21/22)

In the final months of FY21/22, the following activities are planned to prepare for the production of new information to support technical applications, Reserved Matters applications and applications to discharge planning conditions. Information and surveys are essential to the success and timely acceptance of each application, coupled with stakeholder engagement. This work is almost entirely made up of design related activity.

DESIGN, SURVEYS AND PLANNING ACTIVITIES:

Activity	Project description
<i>Develop masterplan and landscape layout</i>	Developed plans required to progress infrastructure design and to prepare for submission of reserved matters planning applications, discharge of planning conditions and detailed coordination with building parcels.
<i>Identify and develop early phase infrastructure layouts</i>	Strategies defined at planning need to be further developed to identify timescales, location and scope of individual infrastructure demands.
<i>Coordination with plot developers</i>	As plot developers come on board, all design elements need to be coordinated (e.g. access points, levels, utility connection points, strategic drainage, landscape).
<i>Prepare and procure surveys and investigations</i>	Surveys take time to plan and procure and will be needed ahead of design development and discharge of planning conditions. The scope/timing of infrastructure projects informs the location and phasing of surveys.
<i>Cut/fill earthworks assessment and preparation of materials management plan</i>	Proposed site levels will be coordinated with the location and use of excavated soils to identify final use and temporary stockpile locations. The planning strategy relies upon low volumes of material being exported off site.

<i>Procure targeted ground investigations</i>	The outline planning application was supported with minimum intrusive soil investigations. Detail design will require extensive surveys to accurately assess ground conditions and soil quality.
<i>Initiate Principal Contractor selection process</i>	It takes time to procure contractor services and there is benefit in receiving early contractor advice (where necessary) to help shape the construction management plan and incorporate modern construction methods into the design. The LLP will prepare preliminary documents for tender.
<i>Manage risk register</i>	A risk register will be developed and updated in line with the infrastructure projects to clearly allocate ownership and responsibilities for avoiding and reducing project risks.
<i>Engagement with approving authorities and key stakeholders</i>	Infrastructure projects require approval in addition to planning consent e.g. adopted highway works, adopted drainage works, work to existing watercourses/rivers, utility connections. The LLP will begin early engagement to set out approval timescales and information required to support future applications.
<i>Prepare preliminary highway layout design for work on A20 and new access points</i>	The LLP will prepare preliminary layouts to inform discussions with KCC and housebuilders to agree access locations. Preliminary plans will also identify the location of surveys, utility diversions and inform cost estimates.
<i>Development SUDS design with green infrastructure proposals</i>	The LLP will prepare preliminary landscape layouts ready to support reserved matters applications and discharge of further planning conditions. Preliminary plans will also identify the location of surveys and inform cost estimates.
<i>Review integration of lake/reservoir into drainage strategy and green infrastructure</i>	Develop a plan for the proper designation of the lake and ongoing management prepare preliminary layouts ready to support reserved matters applications and discharge of further planning conditions. Preliminary plans will also identify the location of surveys and inform cost estimates.

<i>Develop utility strategy and cost estimates with suppliers and open market</i>	Budget costs provided by incumbent utility network operators will be tested on the open market and updated to match phased development approach. Corridors for strategic utility routes will be established.
<i>Develop utility connection and diversion estimates</i>	Applications for diversion of apparatus on the A20 and new connections will be requested.
<i>Establish detailed plan for environmental surveys and investigations</i>	The scope of environmental mitigation and surveys will be developed in line with the delivery programme prior to preparing requests for survey quotations.
<i>Archaeological review</i>	The scope of further archaeological surveys and mitigation will be developed in line with the phased delivery programme prior to preparing requests for survey quotations.

DELIVERY AND ON-SITE ACTIVITY

Activity	Project description
Updated topographical and ground penetrating radar surveys (for utilities in Highway)	Where necessary to support earliest infrastructure projects, the LLP will procure and undertake non-intrusive utility survey to better position existing apparatus and identify where diversions are required.
Structural survey on existing buildings	The LLP will procure and undertake any necessary structural and environmental surveys to support the safe demolition of these existing buildings in FY22/23.

10.3 APRIL 2022 TO MARCH 2023 (FY22/23):

Following on from the predominately planning work undertaken during the last half of FY21/22, activity in FY22/23 focuses on design development to enable Reserved Matters and technical applications to be approved. These must be supported with more detailed information and coordination with housebuilders. At the same time a planning decision is expected, and planning conditions will be available.

In the final half of this period, the LLP expects to be preparing ground and delivering any priority utility diversions and improving construction access points. The racecourse stands will be demolished.

DESIGN, SURVEYS AND PLANNING ACTIVITIES:

Activity	Project description
Develop masterplan and landscape layout	Continue to develop plans required to progress infrastructure design and to prepare for submission of reserved matters planning applications, discharge of planning conditions and detailed coordination with building parcels.
Develop detailed general arrangement plans	Detailed general arrangement plans will be used to support the discharge of planning conditions and support reserved Matters planning applications.
Prepare and submit Reserved Matters planning applications	Following the planning decision notice, Reserved Matters planning application for infrastructure will be submitted. This will be accompanied with detailed landscape, sections, elevations, and material finishes drawings.
Prepare and submit information to discharge pre-commencement planning conditions	A planning decision will include pre-commencement planning conditions which will need to be discharged as soon as possible to allow the first phase of infrastructure delivery to commence.
Detailed coordination with plot developers	The LLP expects housebuilders to be developing layout designs and to coordinate these with the infrastructure provided by Otterpool Park. The LLP's designers will work closely with the housing building teams to coordinate utilities, levels, roads, drainage, and strategic green infrastructure.
Continue undertaking surveys and investigations	Further scope survey works to support evolving design and stakeholder requirements. With localised underground surveys if required for utilities or other constraints.

Detailed infrastructure design	Progress design for targeted infrastructure projects to a detailed stage to support parcel delivery, liaison with potential parcel purchaser to coordinate requirements, stakeholder engagement and tender documentation.
Complete Principal Contractor selection and commission first infrastructure projects.	Following successful appointment of the Principal Contractor the first tranche of infrastructure projects being commissioned. If possible, early contractor involvement would benefit the delivery and understanding of build sequences.
Preliminary design of new crossings over East Stour River	The LLP expects to identify preliminary designs and extents of river diversions, identify crossing points, types, engineering requirements, hydraulic modelling, liaise with the EA on the requirements for the Flood Risk Activity Permits (FRAP) and further key stakeholder engagement.
Prepare and submit highway applications for approval	Finalise developed design drawings and required highway documentation for submission to KCC Highways under S38 and S278 applications.
Prepare and submit drainage applications for approval	Finalise developed drainage design for submission to adopting authority, KCC LLFA and the EA. The LLP's designers will liaise with relevant stakeholders through the application process to ensure progression in line with the programme and timely reporting and aim to identify conflicting requirements amongst the stakeholders.
Develop design of wastewater treatment works	This will require the LLP's designers to work closely with our appointed contractor to assist with emerging design process, liaising on design

	constraints, layout, levels, SUDS, specific requirements outside of the design construction guidance, hydraulic modelling and parameters for subsequent approvals.
Prepare and submit for ecology licenses	Finalise technical submission to LPA detailing ecological impacts, proposed mitigation, and enhancements for delivery of preliminary infrastructure.
Track planning and input to condition discharge	The LLP will be continually recording, collating, and reporting progress on all fronts, ensuring planning responses and submissions discharging condition are tracked as progress is made.
Ongoing engagement with approving authorities and key stakeholders	Extensive engagement with approving authorities and key stakeholder will be required throughout this period to facilitate timely delivery of the first infrastructure projects.
Accept localised utility diversion(s) and connection(s) quotations	Following liaison and detailed review with utility providers the LLP team will confirm diversion and connection quotation estimates so that these can be progressed to the next stage for delivery.

DELIVERY AND ON-SITE ACTIVITY

Activity	Project description
Demolition of racecourse stands	The LLP team will prepare demolition tender information informed by condition and structural surveys. Following appointment of a successful contractor demolition of the existing structure will commence in accordance with the sitewide material management strategy.

Utility trail pitting and investigations	The LLP will look to verify the position, depth and numbers of utilities onsite against record information in locations where the first infrastructure projects are to be delivered based upon record drawings and underground surveys.
Ground condition investigations	The geotechnical desk study will identify the scope of additional geotechnical surveys which will be developed in line with the delivery programme prior to preparing requests for survey quotations and final appointments.
Localised utility diversions	To prepare parcels for infrastructure delivery the LLP will be instructing utility owners to divert their assets to align with the onsite design.
Implementation of material management plan (cut/fill, material stockpiles)	Following approval of the materials management plan the specific details would be extracted and applied to ensure compliance.
Various environmental surveys to meet planning condition requirements	Scope relevant environmental surveys in line with planning conditions and delivery programme. The LLP will identify the timing or sequencing of the required surveys
Establish construction access routes and any improved access to the Public Highway	Finalise design of construction access off the public highway and internal routes within the first development parcels in anticipation for delivery in Year 1.

10.4 APRIL 2023 TO MARCH 2024 (FY23/24): YEAR 1 DELIVERY

In April 2023 the LLP will commence delivery of the first pieces of infrastructure in accordance with approved details and discharged planning conditions. The following projects will be delivered by the Principal Contractor.

Detailed infrastructure design, supporting surveys and investigations will continue to be undertaken to support phased delivery.

YEAR 1 SITE WIDE PROJECTS:

Activity	Project Description
<i>A20 improvements west of Newingreen</i>	Inclusion of travel routes for non-motorised users, integration of SUDS and drainage strategies, lighting provision installations of utilities (new supply and diversions). Engagement with KCC for S38/S278 agreement.
<i>Otterpool Avenue access</i>	Provision of main access route off A20 requiring engagement with KCC for S38 works.
<i>Lake and integration of associated green infrastructure and SUDS</i>	Integration of lake and potential designation as reservoir. Engagement with the LLFA and EA required.
<i>Strategic green infrastructure and SUDS</i>	Development of the green infrastructure south of Westenhanger Castle.
<i>Earthworks management</i>	Sitewide cut/fill and materials management including identification of spoil areas.
<i>Drainage connections/ diversions</i>	Surface water connections to watercourse and main rivers. Installation of below ground foul and surface water drainage and parcel connections. Provision of foul water strategy to serve initial parcels as well as future proof long term provision.

<i>Foul water treatment works</i>	Development and delivery of foul water strategy for long-term treatment provision via new wastewater recycling centre. Liaison with Severn Trent Water.
<i>Design for utility reinforcement</i>	Provision of electricity, water, gas and telecoms connections to serve parcels. Identification infrastructure routes and localised substation/ gas governor locations. Requirement subject to liaison with statutory service providers and usage.
<i>Utility diversions</i>	Utility diversions of power, water, gas and telecoms infrastructure across the existing site that provides a constraint to parcel delivery.
<i>Design for main Rivers/ watercourse crossings</i>	Delivery of crossing points across the East Stour River and requirement for EA engagement and further modelling of the river catchment. Existing ordinary watercourses discharge into the central waterbody from the south and east. Engagement with the LLFA to divert/ culvert these connections to delivery proposed development parcels.

YEAR 1 PARCEL SPECIFIC PROJECTS

For each parcel that comes forward in FY23/24 (see accompanying drawing), a similar set of work is required to enable delivery prior to house builders taking responsibility.

The following work will be undertaken in relation to each parcel and adjusted to suit the specific requirements at each location.

Delivery will be carefully coordinated with on-plot design teams.

Activity	Description

<i>Parcel accesses from A20</i>	Sales and construction access to the parcels off of the A20, requiring S278 / S38 agreement with KCC.
<i>Drainage connectivity</i>	Drainage networks and connections to wastewater networks (sewers or watercourses) at parcel perimeter. Requirement for S104 and S106 applications to adoption authority.
<i>Utility new supply connections</i>	Provision of utility infrastructure into parcel to facilitate provision of new supply connections for individual plots
<i>Earthworks management</i>	Cut/ fill and materials management for earthworks within parcel.
<i>Highway infrastructure</i>	Internal spur road through parcels providing plot connectivity

10.5 APRIL 2024 TO MARCH 2025 (FY24/25): YEAR 2 DELIVERY

In FY24/25 the LLP will continue to delivery enabling infrastructure in Phase 1. The following new projects will be added and delivered by the Principal Contractor.

Detailed infrastructure design, supporting surveys and investigations will continue to be undertaken to support phased delivery.

YEAR 2 SITE WIDE PROJECTS:

Activity	Description
<i>A20 widening north of Newingreen junction</i>	Widening of the A20 between M20 J11 and Stone Street. Engagement with KCC for S38/S278 agreement.
<i>Newingreen junction improvements</i>	Introduction of an at grade signalised junction at Newingreen.
<i>Otterpool Avenue access extension</i>	Extension of Otterpool Avenue to approach Westenhanger Station and A20/Stone Street connection. S38 engagement with KCC.
<i>External works south of Westenhanger Castle</i>	Sitewide landscaping south of Westenhanger castle. Engagement with KCC, EA, Natural England and English Heritage.
<i>Crossings over East Stour</i>	Delivery of crossing points across the East Stour River and requirement for EA engagement and further modelling of the river catchment. Existing ordinary watercourses discharge into the central waterbody from the south and east. Engagement with the LLFA to divert/ culvert these connections to delivery proposed development parcels.

<i>Parcel accesses from Otterpool Avenue</i>	Sales and works access to the parcels off Otterpool Avenue. Requirement S278 / S38 agreement with KCC.
<i>Parcels access</i>	Provision of parcel access off spur road and over the East Stour River. Requirement for S38 Highway Agreement.
<i>Drainage connectivity</i>	Drainage networks and connections to wastewater networks (sewers or watercourses) at parcel perimeter. Requirement for S104 and S106 applications to adoption authority.
<i>Utility new supply connections</i>	Provision of utility infrastructure into parcel to facilitate provision of new supply connections for individual plots.
<i>Earthworks management</i>	Cut/ fill and materials management for earthworks within parcel.
<i>Highway infrastructure</i>	Internal spur road through parcels providing plot connectivity.

11. LAND DISPOSAL STRATEGY

11.1 ROLE OF THE AGENT

The role of BNP /Strutt & Parker will encompass the following key tasks over the course of the project:

- Formulate an appropriate marketing strategy on a parcel-by-parcel basis which will evolve to complement the market throughout the duration of future sales periods.
- Create a premium brand for the wider development which is consistent with the design parameters of the overall scheme.
- Oversee the production of comprehensive technical information packs relative for each parcel.
- Advise on early placemaking.
- Negotiate land sales and work alongside the wider legal team to successfully secure the completion of sales within targeted timescales.

11.2 MARKETING AND SALE OF RESIDENTIAL AND COMMERCIAL LAND

In accordance with the masterplan vision, the following represents a summary of the Otterpool Park Garden Town outline proposals:

- Up to 8,500 new homes across a range of types, sizes and tenures.
- 82,418 sq m of employment (B1 and B2 use class) floor space including commercial business hubs, a commercial business park and a light industrial business park.
- 37,161 sq m of education (D1 use class) floor space including five primary schools, one secondary school as well as nurseries and crèches.
- 28,875 sq m of retail and related (A1, A2, A3, A4 and A5 use class) floor space.
- 20,900 sq m of community (D1 and D2 use class) floor space including a health centre and potential for places of worship, libraries and community centres.
- 7,701 sq m of hotel (C1 use class) floor space.

- 8,250 sq m of leisure (D2 use class) floor space.
- Infrastructure and utilities including a new electrical substation, onsite and off-site gas and potable water network reinforcement and provision of a fibre-to-home broadband network.
- 289.1 ha of green infrastructure (approximately 50% of the application site).
- Blue infrastructure.
- Car, motorcycle and bicycle parking.

The LLP will act as the Master developer for the Project. Master developers (MD) can explore a broad range of deal structures when timing individual land parcel disposals, ranging from outright freehold disposals, through to development partnership models, such as promotion, option and joint venture agreements.

The benefit to the LLP of playing the role of MD will be that it can control the wider urban environment, particularly in the context of design, quality and community services and facilities. MDs unlock raw land through:

- Early investment in planning matters and infrastructure delivery such as drainage and mains services upgrades.
- Flood defences and roadworks.
- Public open space.
- Cycle ways.
- Schools and local community centres.

Serviced parcels can then either be sold to housebuilders to construct new homes or alternatively delivered directly by the LLP. BNP / Strutt & Parker suggest targeting parcel sizes of around 150 to 400 dwellings. From previous experience in similar sites, it is considered that this quantum of opportunity generally proves attractive in encapsulating not only national housebuilder demand, but also some larger local developers. However, marketing may produce other offers.

Some sites, with multiple points of sale, can accommodate up to five or six competing housebuilder flags at any one time. However, attention must be paid to regulate the number of developers active on site at any one time, both in terms of construction and sales. Through limiting this number, sales values can be maintained with levels less likely to be cannibalised through an oversupply to the market. Added to that, construction management can be more effectively controlled, ensuring high quality housing delivery and overall construction management process.

MDs can either sell serviced land parcels outright, deliver directly or participate in joint ventures or build licence arrangements which in turn will create long-term income streams over the life of a development project. A similar strategy is often adopted by The Crown Estate in their strategic development land disposals.

Deferred land payments have been a consistent feature of land transactions since the Global Financial Crisis (GFC), but other arrangements such as build licences could become increasingly attractive to housebuilders who are sensitive to cash flows and returns on capital employed in the midst of what may be transpiring as another recession in the wake of Covid-19. These types of transactions can be seen by housebuilders as more capital efficient as many are now focused on the delivery and construction of new homes, rather than investing capital speculatively in development land.

In each parcel disposal scenario, targeted developers would be discussed with the LLP in advance of the marketing programme, with the view of drawing up a shortlist of those to approach who would be appropriate partners to maintain the quality of each area.

Unless there is a particular requirement to demonstrate that a broad disposal programme is undertaken in order to achieve best value, it is considered that a targeted approach to a number of key housebuilders could yield better engagement due to the more targeted and personal approach. BNP Paribas, for example, has unique access to main Board personnel in each of the main housebuilding companies and often obtain a personal undertaking from the CEO or Managing Director that a particular transaction is in accordance with the relevant acquisition criteria at the time.

When marketing land, a comprehensive technical information pack for the site would be necessary, which would need to be fully understood by all parties in order to answer as many questions as possible and provide a detailed presentation to each interested party. These presentations would be undertaken either on site or at the agent's offices. Site visits would be undertaken with interested parties so that they buy into the concept of the development and understand the content of the information pack at an early stage. This ensures the full attention of the relevant land buyer's team, improves the quality of bids and also reduces the opportunity for buyers to justify a reduction in price before an exchange of contracts. It would also be beneficial to have key members of the technical and planning teams present at these meetings.

Stage 1: Due Diligence

Before launching a parcel to the market, it is important to fully consider the opportunities and constraints present so as they can be appropriately communicated during the marketing process.

Firstly, a detailed planning report should be produced focusing on the anticipated allocation within the Otterpool Masterplan. In addition to clarity from a planning

perspective, it will be important to provide a base level of technical detail in order for interested parties to understand the key constraints and to minimise conditionality at the bidding stage. It is important that letters of reliance can be provided for any technical reports.

It is suggested that detailed planning, infrastructure, and technical information is provided to parties during marketing.

Stage 2: Marketing Material

For each parcel sale, a detailed marketing brochure would be assembled, highlighting the opportunity that the site presents whilst encapsulating the site's branding ethos throughout. A brochure allows the opportunity to be easily circulated to the market. The information pack would also be uploaded to an online data room, which also allows activity and downloads to be tracked. This enables the level of due diligence undertaken by parties throughout the marketing process to be assessed. It also allows ease of access for consultant teams.

Stage 3: Marketing Campaign

For each sale, an existing network would initially be approached through targeted phone calls, emails and HTML circulars. The campaign will involve approaching parties directly at an appropriate level, presenting the opportunity first-hand and creating interest through the personal nature of the marketing approach whilst providing an overview as to the scope of the wider Otterpool Park development.

Site inspections would be managed solely through appointment by the appointed agent, allowing the site to be presented in the best possible manner. A marketing period of circa eight weeks per land parcel disposal is expected in order to give prospective purchasers sufficient time to undertake the necessary due diligence, whilst also keeping them focussed with a clear bid deadline. All bidders would need to submit their proposals on the same basis, on the same day so that the agent can compare and contrast the offers.

Parties would then be selected for interview in order to stress test offers and query any outstanding issues. Depending on the level of offers and competition, a second round of bidding may be recommended having reviewed and discussed each proposal with the interested party. Formal recommendations would be made by the agent in terms of the preferred party who offers the most deliverable proposal in terms of timescales and funding structure, as well as the best price.

Stage 4: Legal Process

It would be preferable to have a draft contract and transfer prepared at an early stage in order that there is no delay once a preferred purchaser has been identified.

Following the selection of a preferred party, exchange of contracts will be sought within an agreed timescale.

11.3 MAKE ASSUMPTIONS ON OUTLETS AND NUMBER OF PRIVATE AND AFFORDABLE HOUSING SOLD MONTHLY PER OUTLET.

Clearly, it is difficult to estimate future market trends, particularly for a project with an extended timescale such as Otterpool Park. It would be necessary to adopt a flexible approach to assumptions on sales per outlet in order to reflect market absorption rates at the point of launching each parcel. This said, at the time of writing, current rates of roughly four to six units per outlet, per month are being achieved across the region throughout medium to large new homes schemes.

11.4 IDENTIFY PARCELS TO BE SOLD / PHASING / HAUL ROAD AND SALES ACCESS STRATEGY.

The phasing and timing of parcels going forward will be critical to ensuring best value is achieved across all future land sales. With development at Otterpool Park likely to contribute substantially to the delivery of new housing across the region for the foreseeable future, it is imperative that the phasing, timing and quantum of parcel delivery is carefully considered in line with local planning objectives.

The Core Strategy commits Folkestone & Hythe District Council to delivering a minimum of 350 dwellings (Class C3) per annum on average over the plan period (until 2030/31 - inclusive from 2006/7) while seeking to deliver an uplift of 400 dwellings per annum up to 2025/6. This totals approximately 8,000 dwellings by the end of 2025/26 (Policy SS2 of the Core Strategy). Delivering “8,000 dwellings between 2006 and 2026 would result in a rate of house building in line with trends of recent decades” (paragraph 4.47 of the Core Strategy).

BNP Paribas’ or another agent’s advice on the phasing strategy and land parcel identification from a marketing perspective would be based on a number of factors including:

- Maximising ultimate land value for the Council via the LLP.
- Promoting the delivery of a range of products and tenures concurrently across the site to ensure a consistent rate of housing delivery.
- Taking into consideration that Folkestone & Hythe District Council plans to manage housing supply through the objective that at least half of new homes by 2026 are three bedrooms (or larger) (Policy CSD2 of the Core Strategy).

- Ensuring the quantum released to the market is carefully managed so there is not an oversupply at any one time,
- Maintaining a policy of a limited number of developers on site at any one time to ensure a smooth and harmonious housing and infrastructure delivery programme.

To remain aligned with the outline planning application, it is recommended that the LLP refers to agreed Parameter Plans alongside any development timelines seen in the Design and Access statement to educate the collective opinion on phasing strategy. As the statement suggests, careful consideration would need to be paid in order to provide the necessary mix and quantum of development to maintain a strong combined trajectory of housing delivery alongside necessary social and physical infrastructure. Considering these factors will help ensure that each parcel is delivered successfully both individually and in terms of the wider Otterpool Park development.

In accordance with the Design and Access Statement, the phasing plans associated with the outline application have taken into consideration the programme for necessary infrastructure, associated cost and resulting viability assessments for five-year intervals. As such, each phase must consider the level of infrastructure necessary on a physical and social level to accompany the quantum of development proposed across the wider site.

The outline application identified that the first phases should be focused around two areas in order to establish Otterpool Park and complement all future phasing:

- To the north and east establishing the Town Centre, Westenhanger Castle and Gateway character areas
- To the west in the distinct character area of Otterpool Slopes

The LLP will be responsible for undertaking the initial infrastructure works as master developer. This initial phase of works will add value and differentiate the site further. Given the site's distinctive landscape characteristic, it is paramount that primary landscaping works are implemented to promote a sense of place.

Through past experience with schemes of this nature, it should be recognised there will be the requirement to secure early cash receipts to begin the recovery of initial capital investment.

The indicative phasing will inevitably evolve but it would be necessary to understand the key financial objectives and discuss between the LLP and agent the rate of land sales over the course of the project and how this can be enhanced without adversely affecting land values.

Whilst at present the site has been divided indicatively into a number of parcels for planning purposes, it may well be that the approach differs slightly

if there were perceived to be a requirement for a larger or smaller land parcel at any one point in time, or if indeed the LLP's cash flow requirements were to change over the course of the Business Plan. In this context, the site is considered to be deliverable in a variety of ways, which can be explored with the wider technical team in due course.

11.5 IDENTIFY INITIAL LAND RECEIPTS PER PARCEL.

Assuming a plan or accommodation schedule is available for each parcel within the submitted planning application documents, BNP / Strutt & Parker would undertake a development appraisal, considering the sales values per unit and associated development costs. This would be cross referenced against the current financial model which would be updated accordingly, both at time of appraisal and again following disposal, when value is crystallised.

The agent would also undertake research into comparable land transactions within the surrounding areas/similar projects in order to estimate plot sales and prices per acre.

As the scheme has garden town and placemaking status, the agent will review and assess the value of each parcel when sold, which will allow all stakeholders to project future land sales throughout the lifetime of the project.

11.6 AFFORDABLE HOUSING

In accordance with the Planning and Delivery Statement, affordable housing will be distributed through the development in clusters, with their size determined having regard to the location within the development to ensure the new garden settlement develops as a mixed and sustainable community. It would be worth noting that, during the course of parcel disposals, housebuilders will undergo a competitive Registered Provider tender process when bidding, ensuring value is driven.

11.7 OPEN MARKET TESTING

BNP / Strutt & Parker have commenced the open market testing process by inviting expressions of interest from housebuilders active in Kent. These expressions of interest are anticipated over the coming four weeks and will be reported to the Board in the New Year. Criteria for the next stage of the process will also be discussed by the Board in the New Year.

11.8 COMMERCIAL

Recognition for the importance of the commercial and community uses in a scheme such as Otterpool Park is growing after many years in the shadows of the residential elements.

Where traditional neighbourhood centres used to mean only convenience retail, Otterpool Park aims to develop a sustainable shift towards a mix of uses, including residential, workspace, healthcare and other community facilities.

The recent coronavirus pandemic is likely to result in long-term changes in the way we live, work, shop and communicate which will heighten the importance of delivering a desirable mix of uses going forward.

Understanding and establishing levels of demand from different non-residential uses is vital. This task should form a key element of the early stages of the development strategy as it ensures that the town centre and other commercial areas are relevant to the scale of the residential development and is crucial to its long-term success.

Early engagement is also essential to placemaking and creating real lasting social value for the town centre. Often, this will entail bringing together community groups, developers and councils to achieve a consensus about the town centre and finely tuning it to the needs of the local community and wider catchment. The LLP will also need to be mindful that, whilst the social benefits of such schemes are easily documented, demonstrating a commercial benefit to investing in the non-residential uses can be challenging in certain situations.

It is important to engage in analysis on determining the best location and layout for the commercial Centres within the wider masterplan. Contradiction can exist in balancing community preferences and commercial viability. Understanding the drivers and influencing factors on the location of non-residential uses is crucial in striking the right equilibrium.

Timing for the delivery of the non-residential uses is an important consideration when strategising. Whilst it may not be financially viable to open some uses when the first residential units are occupiers, activating the non-residential areas on a temporary or “meantime” basis may be important. This is becoming an increasingly important facet of development and as such, the range of meantime uses has grown significantly.

Opening and activating a town and commercial centre from an early stage is beneficial to longer-term placemaking; it provides residents with the built infrastructure from the moment they move in. Rather than allowing people to create patterns in the absence of the town centre, the centre can set the tone for the rest of the development and start to build a community.

It can often be difficult to generate key occupier interest and engagement at an early stage and engagement with local and regional businesses is important during initial stages.

Important to the success of the new town and commercial centre and its attractiveness is its ability to draw people in, creating footfall throughout the day and maximising dwell time and spend. The LLP recognises that there needs to be multiple reasons to be there not just traditional convenience retail. The LLP often advises on the benefits in linking the town centre with schools, nurseries, care homes, doctors' surgery, leisure centre, gyms, collection points and the like.

Non-residential development needs to be designed and built with flexibility in mind, allowing uses to change over time, responding not only to the demands of the local communities which they serve but also the changing landscape of retail and technology. This will ensure the future sustainability of the centre.

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12. QUALITY ASSURANCE AND MONITORING

12.1 RISK MANAGEMENT

See Risk Register on following page (page 78).

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Otterpool Park Risk Register – Otterpool Park LLP (updated November 2021)

STRATEGIC RISKS

RISK	Original risk			MITIGATION MEASURES	ACTION TAKEN	Mitigated risk			Change in risk level	Milestone drop off	RESPONSIBLE OWNER
	PROBABILITY	IMPACT	SCORE			PROBABILITY	IMPACT	SCORE			
Project becomes unviable due to unforeseen additional cost, particularly up front infrastructure or increased construction costs, required for phase 1.	3	5	15	<p>Creation of LLP financial model to monitor changes and assess options more responsibly.</p> <p>Take advice from BNP Paribas on maximising financial efficiency of the project and discuss investment of other partners.</p> <p>Be ready to bid for future funding sources from central government, including ongoing discussions with Homes England about funding.</p>	<p>Infrastructure costs and phasing being reviewed to maximise efficiency of spending.</p> <p>Ongoing discussion with Homes England and developers about shared infrastructure investment.</p> <p>Participation in Kent Infrastructure Deal negotiations with bid for funding for OP.</p>	2	4	8	✓	First Sales received	JB
Slowdown of economy results in stagnation of housing market and lower property and land values.	3	2	6	<p>Viability planning takes long term view and allows for scenarios of lower economic and housing growth. Given early stage of project the immediate impacts are limited, but longer term impacts eg on council borrowing should be planned for.</p>	<p>Discuss with advisors as part of financial risk management. Recent market activity suggests increased housing demand in Kent.</p>	3	2	6	—	Developer Led - Tier 3 Works (Residential)	JB
Political and reputational risk if Council's financial spend on project is seen to be imprudent or not in best public interest	2	3	6	<p>Set out financial planning in the Business Plan.</p>		2	3	6	—	Enabling Works - Tier 3	JB/AJ
No / inadequate funding for infrastructure and therefore risk of inability to deliver vision/objectives; piecemeal delivery, infrastructure delays and housing delivery not accelerated.	3	3	9	<p>Creation of LLP own financial model to monitor changes and assess options more responsibly. Financial model assumes no external funding.</p> <p>Be prepared for bidding opportunities for government and other funds.</p> <p>Review infrastructure programme and delivery rates to ensure realistic.</p>	<p>Ensure delivery vehicle tasked with forward delivery of infrastructure.</p> <p>Lobbying Homes England and MHCLG. Construction director appointed to manage infrastructure programme to agreed budget.</p>	2	2	4	✓	First Sales received	JB
Dispute between Board and council Members/ dismantling of LLP.	3	4	12	<p>Use shareholder meetings to ensure political direction agreed.</p> <p>Set out objectives clearly at start.</p> <p>Maintain good working relationships with officers and members.</p> <p>Presentations to update all members.</p>	<p>Regular liaison and review of priorities through business planning</p> <p>Legal advice on protecting the future of the LLP.</p>	2	4	8	✓	Last Developer signed up	JB/ Board
Board underperforms or fails to fulfil its duties/ fails to agree.	2	3	6	<p>Review Board to ensure right skills are included. Ensure its members fully briefed on strategic and financial matters.</p>	<p>Legal advice taken on governance matters and all policies. Considering review of board member skills.</p>	1	3	3	✓	Last Sales Received	JB/Chair of board
Delay in update of CIL charging schedule delays planning application as unable to sign S106.	3	3	9	<p>Ensure this is on Policy team programme as a priority.</p>	<p>Liaison with FHDC Policy team to ensure work underway.</p>	3	3	9	—	Outline Planning Application	DS
Technical constraints and challenges require additional work and time prior to application being determined, including water nutrient issue.	3	5	15	<p>ST instructed to design scheme. Negotiation underway to secure land for WWTW.</p>	<p>Critical path being reviewed; tier 2 work underway.</p>	3	4	12	✓	Outline Planning Application	JW
Agreement not reached with Homes England over its role as partner and development of its land. Relates to agreeing funding for infrastructure.	3	3	9	<p>Continue discussions with contacts at Homes England on landowner and planning side.</p>	<p>Set up regular meetings with Homes England.</p>	2	3	6	✓	Outline Planning Application	JB/AJ
Local government reorganisation, eg formation of a unitary authority.	2	3	6	<p>It would take several years to implement, likely to affect later years.</p>		2	3	6		Last Developer signed up	JB/AJ

Appendix:

Appendix 1 – Otterpool Park Vision

Appendix 2 – Council Ambition for Otterpool Park

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OTTERPOOL PARK

COUNTRYSIDE • CONNECTED • CREATIVE

VISION



Welcome

Just over three years ago in 2016 the Government published a prospectus to local authorities asking them to express an interest in providing settlements within their administrative areas.

After carefully considering the potential of a garden settlement in the Folkestone & Hythe District to meet our housing need, we submitted an Expression of Interest to the Government in July of that year, proposing Otterpool Park as a new garden settlement. On 11 November 2016 the Ministry for Homes, Communities and Local Government announced its support for Otterpool Park and our journey to deliver on Ebenezer Howard's garden city movement became a reality.

During the past three years we have achieved a number of milestones; from the publication of our Charter to set out our aspirations for a garden community of the future, successful land assembly, the development of a masterplan and the submission of an outline planning application.

We have advanced the project to a stage where we have now established Otterpool Park LLP, who will take on the role of Master Developer and assume responsibility for the principle of development all the way through to implementation of a new community phased across a 30-year timeline.

We are in a unique position as sole landowners and custodians of Otterpool Park to curate the development at the highest level. We commit to delivering on our promises to our project partners, local people and new members of the Otterpool Park community as it grows over the next three decades.

This is a unique approach to delivering large-scale new homes development and communities and recognises a project of the size and ambition of Otterpool Park; at the heart of this approach is a team who can demonstrate experience of delivering at scale, quality and pace.

Otterpool Park is an exciting opportunity for us to deliver an exemplar garden town, bringing homes across a range of tenures, green spaces, leisure facilities, healthy economy, good quality of life, and major infrastructure improvements.

This document sets out the vision for our garden town, set against the principles for garden communities; it underpins the strong case we have developed for Otterpool Park and starts to lay out our objectives for the site. Stakeholders, businesses and residents have generously informed and influenced the project to date and it is greatly appreciated.

It is now the task of Otterpool Park LLP and its newly appointed board to deliver a once-in-a-generation opportunity to deliver the most exciting new community.

COUNCILLOR DAVID MONK
LEADER, FOLKESTONE & HYTHE
DISTRICT COUNCIL





OUR VISION

Countryside, connected, creative

The plans for Otterpool Park are being led and driven forward by Otterpool Park LLP, to deliver a next generation garden town that will support sustainable living and a healthy economy; provide the best quality of life for existing and future residents; and respond to local landscape and character.

Otterpool Park will offer the very best of a rural and urban lifestyle. Everything that's needed will be there – homes, workspaces, schools, shops, community facilities, spaces for leisure, arts and culture.

It is well positioned in the heart of the Kent countryside, just a few miles from the coastal towns of Folkestone and Hythe and offers excellent connectivity to London and Europe by road and rail.

Set around the historic Westenhanger Castle and park, Otterpool Park will be a special place respectful of its past and designed for its future.

It will be a healthy and aspirational place to live, work and visit, characterised by large amounts of green space and its strong culture and community.

Otterpool Park will be an attractive location for businesses to succeed and will make the most of its connections to the thriving creative and digital communities in nearby Folkestone.

Over the next 30 years, Otterpool Park will move the garden town concept into a new era, place-making a new community fit for today's lifestyles and relevant for generations to come.

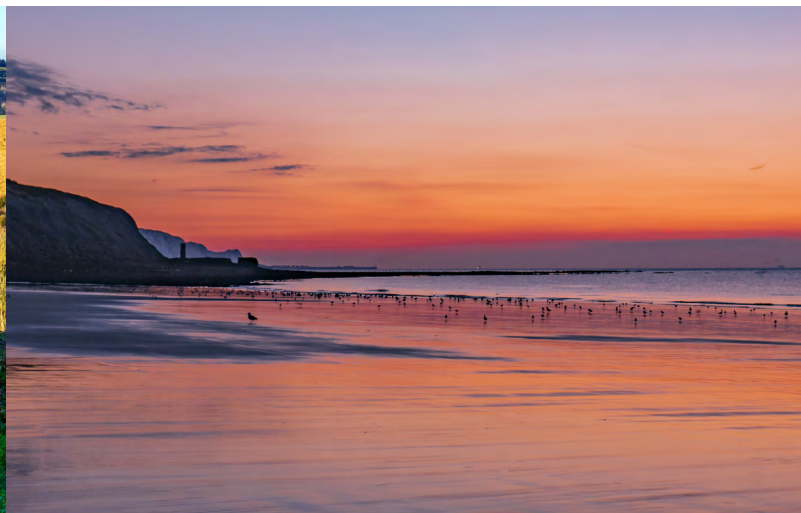
Countryside and coast

Living and working in Kent, the Garden of England, means enjoying the feeling of fresh air and green, open spaces.

The sea is just minutes away, so you can have the best of coast and country.

Walks and bike rides, nature trails and pond dipping.
Or just sitting watching the world go by.

Otterpool Park will offer an exceptional quality of life, whether you prefer action and adventure or quiet and contemplation.



Connected

Get to where you need to be from our strategic location, with plenty of options for how to get about.



54 minutes

FROM LONDON ST PANCRAS



35 minutes

FROM FRANCE BY EUROTUNNEL



LESS THAN

2 hours

FROM PARIS, BY EUROSTAR FROM ASHFORD



FLY FROM

London Ashford Airport,
Gatwick or Heathrow



FAST ACCESS TO

M20 and M2



Superfast broadband

MEANS WELL-CONNECTED HOMES,
WORKSPACES AND SCHOOLS



Creative soul

As part of a district that champions all things creative, Otterpool Park will be a whole new place inspired by the very best design and influenced by the culture and heritage of the area.

Everyone can find a home here, helping to form a new community with its own identity, values and traditions.





Garden communities explained

A garden city (or garden community) is a holistically planned new settlement which enhances the natural environment and offers high-quality affordable housing and locally accessible work in beautiful, healthy and sociable communities. The garden city principles are an indivisible and interlocking framework for their delivery, and include:

- Land value capture for the benefit of the community.
- Strong vision, leadership and community engagement.
- Community ownership of land and long-term stewardship of assets.
- Mixed-tenure homes and housing types that are genuinely affordable.
- A wide range of local jobs in the Garden City within easy commuting distance of homes.
- Beautifully and imaginatively designed homes with gardens, combining the best of town and country to create healthy communities, and including opportunities to grow food.
- Development that enhances the natural environment, providing a comprehensive green infrastructure network and net biodiversity gains, and that uses zero-carbon and energy-positive technology to ensure climate resilience.
- Strong cultural, recreational and shopping facilities in walkable, vibrant, sociable neighbourhoods.
- Integrated and accessible transport systems, with walking, cycling and public transport designed to be the most attractive forms of local transport.

Visit tcpa.org.uk for more information on garden community principles.

The case for Otterpool Park

Otterpool Park is an opportunity to create an exciting new garden town which, over 30 years...

ADDRESSES THE AREA'S GROWING HOUSING DEMANDS

Creating a mixed, balanced and vibrant community with up to 10,000 homes for everyone – keyworkers, families, older people, vulnerable people. Presented in a variety of styles and sizes, every one of them a beautiful place to live.

USES ITS STRATEGIC CONNECTIVITY AND PROMOTES SUSTAINABLE TRANSPORT

Maximising existing connectivity by rail and road and proximity to Folkestone, London and Europe and developing sustainable transport strategies to promote healthy options for walking, cycling and public transport.

SUPPORTS THE ECONOMY BY PROVIDING JOB OPPORTUNITIES AND WORKSPACES

Delivering around 9,000 job opportunities and up to 127,244sqm of floorspace for businesses to locate, relocate or expand.

SUPPORTS THE CREATIVE AND DIGITAL INDUSTRIES

Expanding capacity for the large concentration of these industries in the local area, attracting and retaining businesses within the district while providing access to housing and social infrastructure.

PROVIDES EVERYTHING ITS COMMUNITY NEEDS AND IS SUSTAINABLE

Incorporating the infrastructure, education, medical, community and leisure facilities required for a sustainable and healthy new community.

IS EXEMPLARY IN EVERY RESPECT AND BECOMES A REFERENCE POINT FOR THE WAY NEW PLACES ARE DESIGNED

Accounting for today's lifestyles and flexible in its nature to adapt to future advancements and ways to live and work, incorporating the very best design, technology and innovation.



Placemaking for Otterpool Park

We envisage a place where a new community grows over several decades. It will be inspired by, integrate and bond with the natural landscape, character and heritage of this special place.

Otterpool Park will be distinctive in its own character, culture, diversity and traditions. That said, it will have strong associations with the countryside and communities around it, in particular aligning with the culture and creativity of nearby Folkestone.

The new garden town will be enriched with green spaces that create plentiful spaces to walk, play, explore and socialise.

Residents will be able to put down roots for themselves and their families in characterful, socialable and distinctive neighbourhoods. All facilities are within an easy distance, with plenty of ways to travel further afield.

There are lots of ways to work or run a business at Otterpool Park too, whether from a home office or studio, or in the workspaces available in the town centre.







LUKE QUILTER
CHAIRMAN OTTERPOOL PARK LLP

This vision is an important step on the journey of our newly formed board towards the delivery of Otterpool Park. Our objective for the coming year is to establish ourselves as a locally accountable organisation that will enable the delivery of the Garden Town and support residents, partners and stakeholders to create a 'Garden Community' in a district that is extraordinary.

It's already home to all types of people – from artists to musicians, innovators to educators, makers to entrepreneurs; they come together in Folkestone and Hythe to enjoy our countryside and miles of stunning coastline, a world-class cultural scene and fantastic connections to Europe and the rest of the UK.

Our aspiration to deliver 10,000 homes, around 9,000 jobs, across a 30-year period makes sense for a place that consistently attracts from London and the wider south east. When we see the profound effect that the Covid-19 pandemic has had on our day to day lives, the concept of a community that has over 50% green space, walkable neighbourhoods, leisure on the doorstep and the very best of modern health and education provision, the opportunity becomes all the more relevant – right now.

Over the coming months, as we move towards presenting Otterpool at planning committee, we look forward to building delivery relationships to enable on the ground regeneration with a wide range of partners and stakeholders, in both the public and private sectors. We want to work with forward thinking house builders, developers and investors to build a new community; to bring together all this district has to offer and communicate it far and wide.

Our focus is centred on enabling a people-led Garden Town that not only turbo charges our local economy but delivers a remarkable community for the next generation.

A place that is a beautiful, countryside, Kentish town, close to the sea.





OTTERPOOL PARK

COUNTRYSIDE · CONNECTED · CREATIVE

Otterpool Park

A new garden town in the Folkestone & Hythe district



Introduction

In 2017 we produced a Charter for Otterpool Park that set out in more detail our aspirations for the new garden town. The document built on the high level principles set out in the Expression of Interest submitted to Government in June 2016 and the Sustainability Wheel. The Charter focused on creating a place that is truly sustainable; as the plans for Otterpool Park develop these principles continue to guide our vision and are reflected in our council ambitions below.

We have a clear picture of what we want Otterpool Park to deliver.

A sustainable new garden town

Sustainable development is about maximising the environmental, social and economic benefits that development can bring, enhancing the environment, building strong communities and providing jobs; not trading one benefit against another but building in a way that delivers gains across all three and enables us to invest in communities across the district.





Enhancing the environment

A real garden town

The garden town will provide a minimum of 50% green space reflecting existing landscape features and providing three new distinctive destination parks, giving public access to a diverse natural environment. Allotments and orchards will be provided for people to grow their own food, and neighbourhoods will have easy access to playing pitches and play areas.

Creating habitats for wildlife, providing food and adapting to a changing climate

The town will be designed to provide new habitat corridors so that wildlife can move between the town and the wider countryside. The government is introducing a requirement for new development to improve biodiversity by 10% - Otterpool Park will go beyond this and deliver gains of at least 20% across the lifetime of the development. Green spaces, ponds and watercourses can also be used to provide shade, reduce flooding from storms and filter waste water, using natural processes.

Promoting walking, cycling and public transport

Walking, cycling and public transport will be at the heart of the new town, using new technologies to help people plan their journeys and order and share rides. Westenhanger Station will be enhanced to become a new transport hub where travellers can easily switch between the train and buses, bikes or taxis to get to their destinations quickly.

Reducing our environmental impact

Otterpool Park will be designed to deliver the overall ambition of a low-car and low-carbon destination by developing an integrated approach to energy, water, travel and digital planning. New buildings will be designed to minimise energy use and be carbon neutral wherever possible.

Creating strong and healthy communities

Giving residents a voice in how their town is run

The original garden towns gave residents a strong voice in how their neighbourhoods were run and this continues today, more than a century after they were founded. Otterpool Park will be developed and managed in perpetuity with the direct involvement of its residents and businesses; residents will be directly engaged in long-term management and stewardship, fostering a shared sense of ownership and identity.

Preserving cultural heritage and inspiring the new

Westenhanger Castle will be a focal point within a restored parkland and garden setting. This rich cultural heritage will inspire new contemporary design, which in turn will enhance that heritage. Development will be shaped by design codes, which will set out rules about how the town's neighbourhoods, streets, squares and buildings will be laid out.

A diverse range of housing types and tenures

Otterpool Park will deliver up to 10,000 homes across a range of housing densities, types and tenures to provide the right mix of homes for people at all stages of life and for all budgets, including more than 2,200 affordable homes. Plots will also be provided for people who want to build their own homes (known as self-build or custom-build), either working on their own projects or as part of a group with other self-builders to build their own neighbourhoods.

Innovative Approaches to Delivery

A new medical centre, drawing on the best examples from elsewhere and the latest digital technologies, will provide a 'one-stop shop', including GPs and primary care treatment during the early stages of the town's development, to pioneer new models of care and reduce pressure on hospitals.



Creating jobs and building new businesses

Diverse Employment Opportunities

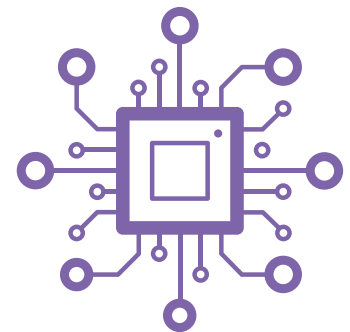
Otterpool Park will help to grow businesses, both existing and new; an Innovation Centre will be built early on in the town's development, and easy access to London and Europe through High Speed rail links will help businesses access professional services and new markets. Building the garden town also offers opportunities to start new businesses in energy efficient construction and renewable technologies, and for young people to train in the new skills that our economy needs.

New town and neighbourhood centres

While the future of many of our traditional high streets is uncertain, people will still want to meet, exchange ideas, shop, relax and have a meal. New town and neighbourhood centres will be created that will provide flexibility for people to set up shops, cafes, workshops or office spaces on a temporary or longer-term basis, to share space and try out new business ideas.

Secure a digital town of the future

Otterpool Park will support advanced digital technologies, including the emergence of 5G and the IoT (Internet of Things); ultra-fast fibre optic broadband will be expanded to the premises at Otterpool Park to improve connections for new residents and immediate neighbouring communities where there are problems with broadband speeds and connectivity.



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