

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone
Date	Tuesday, 6 September 2022
Present	Councillors Miss Susan Carey, Peter Gane, Rebecca Shoob (Vice-Chair, in the Chair) and John Wing.
Apologies for Absence	Councillor Michelle Keutenius, Councillor Connor McConville, Councillor Terence Mullard and Councillor Patricia Rolfe.
Officers Present:	Simon Baxter (Chief Officer - Development), Andy Blaszkowicz (Director of Housing and Operations), Rebecca Chittock (Planning Policy Specialist), James Clapson (Case Officer (Committee)), Ewan Green (Director of Place), Llywelyn Lloyd (Chief Planning Officer), Susan Priest (Chief Executive), Jemma West (Committee Service Specialist) and David Whittington (Strategy & Policy Senior Specialist).
Others Present:	Councillor Mrs Jennifer Hollingsbee.

1. **Declarations of Interest**

Councillor Shoob declared a disclosable pecuniary interest as she is a Director of Otterpool Park LLP. During consideration of the Otterpool Park Stewardship item, Councillor Shoob moved to the public gallery and did not take part in discussions or voting on the item.

Proposed by Councillor Shoob,
Seconded by Councillor Wing; and

RESOLVED:

That Councillor Gane take the Chair during the consideration of the Otterpool Park Stewardship item in Councillor Shoob's absence.

2. **Minutes**

The minutes of the meetings held on 31 May 2022 and 13 July 2022 were agreed, submitted and signed by the Chairman.

3. **Minutes of the Finance and Performance Scrutiny Sub Committee**

The minutes of the meeting held on 14 June 2022 were agreed, submitted and signed by the Chairman.

4. **Change of Membership - Finance and Performance Scrutiny Sub Committee**

Proposed by Councillor Shoob,
Seconded by Councillor Gane; and

RESOLVED:

1. **That the following appointments be made to the Finance and Performance Scrutiny Sub Committee:**

Conservative 2 Seats	Cllr Rolfe + 1 Vacancy
Green 1 Seat	Cllr Shoob
Labour 1 Seat	Cllr McConville
Liberal Democrat 1 Seat	Cllr Gane

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

5. **Cost of living summit**

On 27 July 2022, Full Council considered a motion with various actions relating to the cost of living, this included holding a Cost of Living Summit. Council resolved to examine these matters as part of a future Scrutiny programme. The report set out the proposed arrangements for a Cost of Living Summit.

Councillor Hollingsbee, Deputy Leader and Cabinet Member for Communities, provided a brief introduction to the report noting that 60 organisations had been invited. She also highlighted that the Household Support Fund was currently available, but only until 30 September 2022.

Proposed by Councillor Gane,
Seconded by Councillor Wing; and

RESOLVED:

1. **That report OS/22/03 be received and noted.**
2. **That the proposed arrangements for the summit be approved.**

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

6. Ship Street - Development of the Design Brief

Mr Blaszkowicz, provided the Committee with a presentation on the emerging strategy to provide housing led regeneration at the former Gas Works site in Ship Street, Folkestone. The presentation included a timetable, an indication of proposed procurement routes and access to government funding to support the design development and remediation of the site. The presentation slides have been attached to the minutes.

During consideration of the item, the following points were noted in response to the presentation, and to questions answered by Mr Blaszkowicz and Mr Baxter:

- LHA stood for Local Housing Allowance. Rent rates at all of the Council's new build homes were set at the LHA level. If someone received full benefits, their benefit payments would fully cover the cost of their rent.
- Consideration would be given to the provision of a community hub on site.
- The Council would assess its options next year, following completion of the design phase. The Council could bring in a partner, continue to manage the project on its own, or pass the project to another organisation.
- The site was envisaged to have an urban form of typology. A designer would be appointed in the next few months, they would need to balance housing density and financial viability in order to make the best use of the site.
- The aspirations would be included in the design brief, the buildings needed to be future proofed in terms of energy efficiency and quality.

Proposed by Councillor Shoob
Seconded by Councillor Gane

RESOLVED:

1. To note the update

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

7. Otterpool Park Stewardship

Councillor Shoob handed Chairmanship to Councillor Gane and moved to the public gallery during the consideration of this item.

Mr Green gave a presentation to the Committee detailing the work undertaken on the emerging strategy for stewardship at Otterpool Park. The presentation built upon the key themes and issues previously considered in relation to the overall strategic approach, and the development of a bespoke stewardship vehicle. The presentation slides have been attached to the minutes.

During consideration of the item, the following comments were noted:

- That the approach being recommended had developed from reviews of other stewardship models along with consideration of specialist advice.
- It was recommended that a stewardship LLP would be the best approach.
- There would be community involvement from the outset.
- A key principle was that the Council would have strategic control at the start, then move to a more community led approach as Otterpool Park develops.
- A long term, sustainable business plan would be developed for the new stewardship vehicle.

Proposed by Councillor Gane
Seconded by Councillor Carey

RESOLVED:

1. To note the update

(Voting: For 3; Against 0; Abstentions 0)

8. Draft Statement of Community Involvement (SCI) Update

Councillor Shoob returned to the meeting and resumed chairmanship.

Ms Chittock introduced the Cabinet report (C/22/23). It provided an update of the work carried out to update the Statement of Community Involvement. She asked the Committee for their comments and thoughts.

During consideration of the item, the following points were noted in response to the report and questions answered by Ms Chittock and Mr Lloyd.

- The document set out the minimum standards that could be expected from the council. In reality the council exceeded these standards whenever the requirement arose.
- It was difficult for the public to engage in the planning process, so it was good to involve the Town and Parish Councils, who could help to support residents. District Councillors also had a role in supporting residents.
- It was suggested that the applicant could be made responsible for removing old notices once they were no longer required. Mr Lloyd offered to see if that would be possible.
- The updates were good.
- There should be a list of stakeholders who were consulted by default.
- How could newly formed groups and residents be brought on board prior to the start of the next Local Plan review. This would achieve public engagement at an early stage. The Folkestone Place Plan was a good example of how consultation and engagement could work.

Proposed by Councillor Gane,
Seconded by Councillor Carey; and

RESOLVED:

- 1. To note the update**

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

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Ship Street Redevelopment Overview & Scrutiny Committee 6th September 2022

Ship Street Site



- Long term empty Gas works site
- Derelict since early 1960s
- No Market Intervention
- Site area 1.54 hectares
- FHDC purchased the freehold in 2021 - £400,000 (70% GF / 30% HRA)
- Housing led, redevelopment in line with the Local Plan
- Creative Folkestone / Triennial

Constraints/Risks

- Cost of remediation
- Topography challenges, different ground levels within the site
- Existing service media
- Retaining walls – stabilisation & improvement
- Concrete obstructions underground
- Gas governors sub station and confirming boundaries
- Funding availability
- Feasibility; Cost vs Income
- Lack of interest from the market

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Work To Date

- ✓ Capacity studies investigating density / layout / public realm
- ✓ Market engagement showed interest but also a clear need to de-risk site to secure a delivery partner
- ✓ Site maintenance to minimise future ecological risks
- ✓ Positive discussions & bids made relating to gap / Infrastructure funding with HE and One Public Estate
- ✓ Very well attended public engagement event undertaken
- ✓ Structural condition survey of retaining walls completed
- ✓ Extensive soil and site investigation works done and costed
- ✓ Market Intelligence report on future homes completed
- ✓ Early & continued engagement with Key stakeholders

Site Investigations

- Previous remedial work aimed to alleviate National Grid of their statutory responsibilities
- There are still some elements of contamination plus obstructions in the ground
- RSK proposed different remediation strategies and costs depending on the amount of excavation needed & ground level required

Remediation

- Remediation will involve the following:
 - Clean cover in areas of soft landscaping
 - Vapour protection measures in buildings
 - Upgraded water pipes
 - The use of impermeable surfaces (including below landscaping)
- Exact costs will be known once we understand the scheme design
- Estimated budget of £3m - £4M depending on the chosen approach

Retaining Walls

- Structural Engineers reviewed the 2015 wall condition report and completed a new survey
- The general conclusion is the walls are ‘generally performing satisfactorily’
- Defects like filling collapsed arches, vegetation, weathering and pointing are estimated at a cost of £800,000
- This doesn’t include having any major alterations to the walls
- We’ll prioritise works to walls areas that are clearly seen once the scheme design is understood
- Network Rail have confirmed ownership of the walls adjacent to the railway line

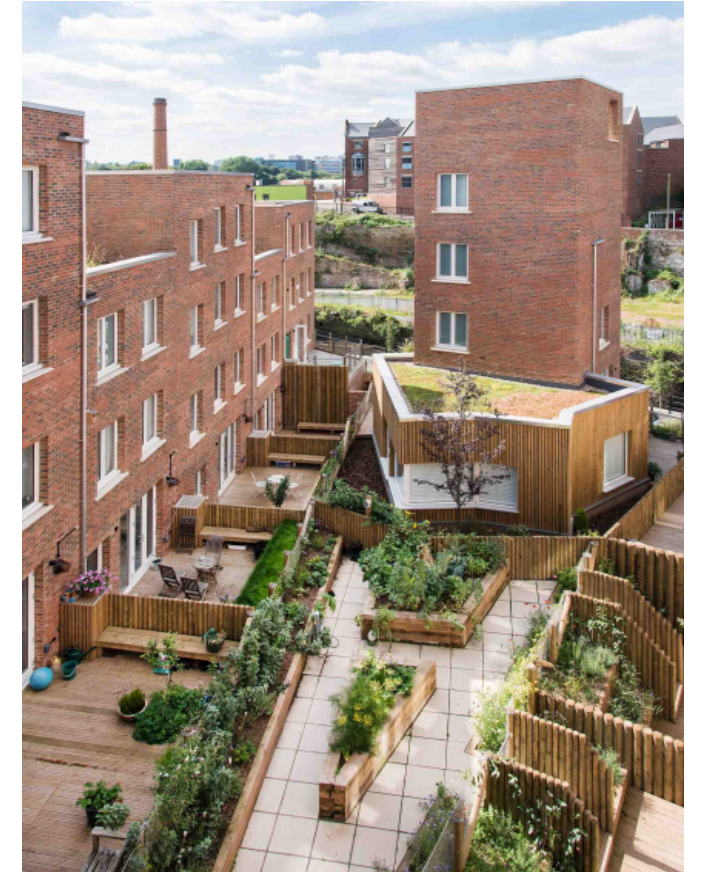


Draft Project Brief

- Circa 150 - 200 homes (Subject to capacity testing, consultation and brief evolution)
- Urban typology family housing, court yard gardens and sun terraces
- Apartments for newly forming households
- Possible Commercial requirement - Café/food/beverage possible live work units
- Design led scheme with community space, minimising the need for cars promoting walking routes and cycle use
- Incorporation of public realm and creative / cultural space

Housing Standards

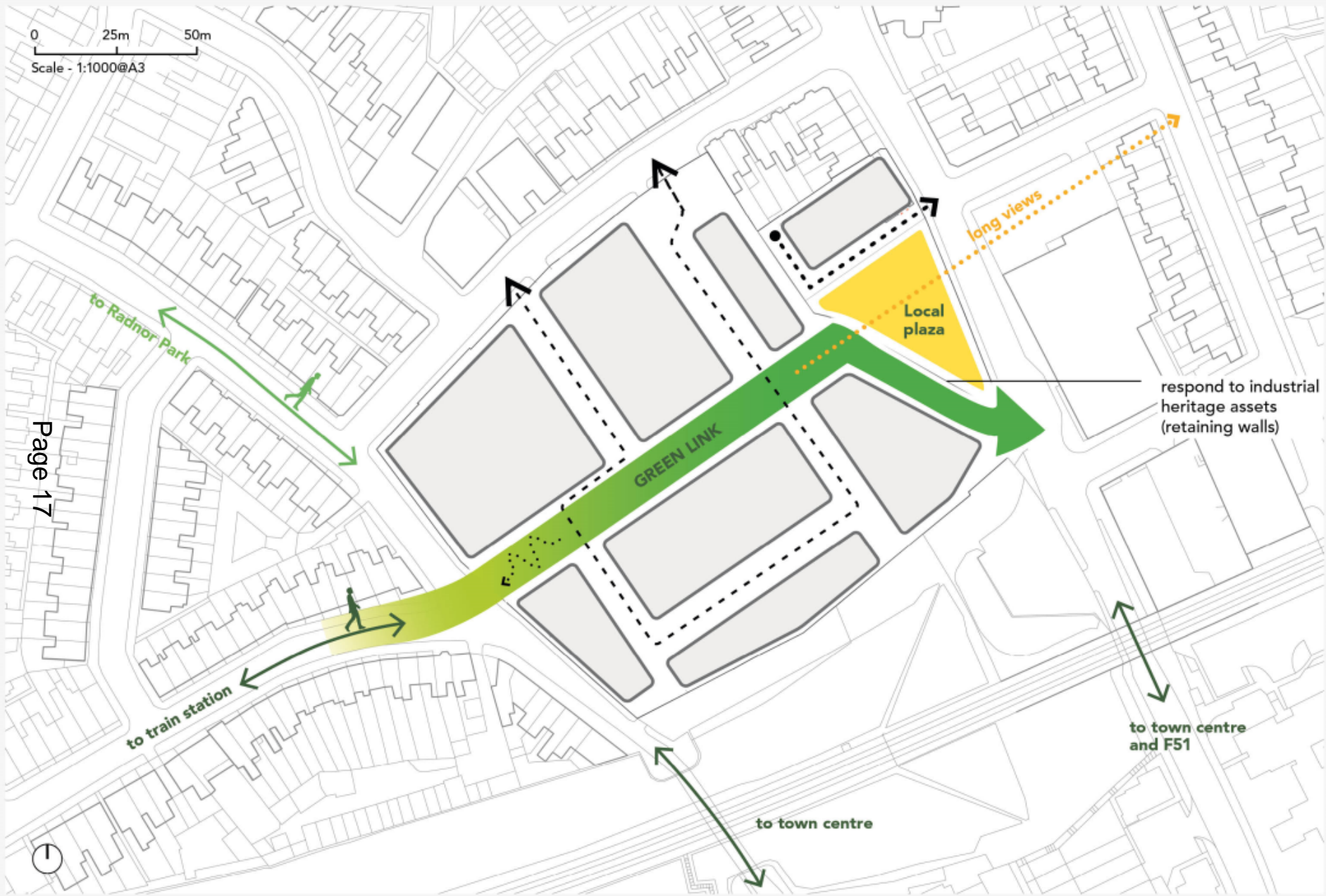
- A sustainable mix of housing meeting modern ways of living and working
- Homes to meet National Design Space Standards and the Local Plan
- Private market led development with aspiration to exceed affordable housing policy
- High performing energy efficient homes



Tenure Mix Appraisals

Ship Street tenure scenarios	Affordable Rent (LHA)	Shared Ownership	Market Rent	Market Sale	Total
One	30%	50%	20%	0	100%
Two	30%	20%	0	50%	100%
Three	40%	60%	0	0	100%
Four	15%	7%	18%	60%	100%

Scenario 2 performs best financially, meets FHDC aspirations and the requirements for Homes England and Brownfield Land Remediation funding



Emerging Design

- Green walk way
- Open space
- Improved access
- Minimal traffic flow



Initial Cost Assessment

- The Total Scheme Cost estimate is **£41 - £43M** including abnormal land and remediation costs
- Increasing the wall budget to £800k & soil remediation to £2m means an estimated abnormal and public realm cost of **c£3.8m**
- The expected income we could generate from selling 150 finished homes and 4 commercial units is between **£36 - £40m**
- Various financial modelling has been carried out to assess the most commercially viable options.

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Committed Spend

- Cabinet approved a budget on the 16th October 2019 of £230,000
- Actual and committed spend to date covering site investigation works, site management, consultants, initial capacity studies and resident engagement equates to £120,000
- FHDC propose to develop the scheme design with architects whilst we await the funding outcomes

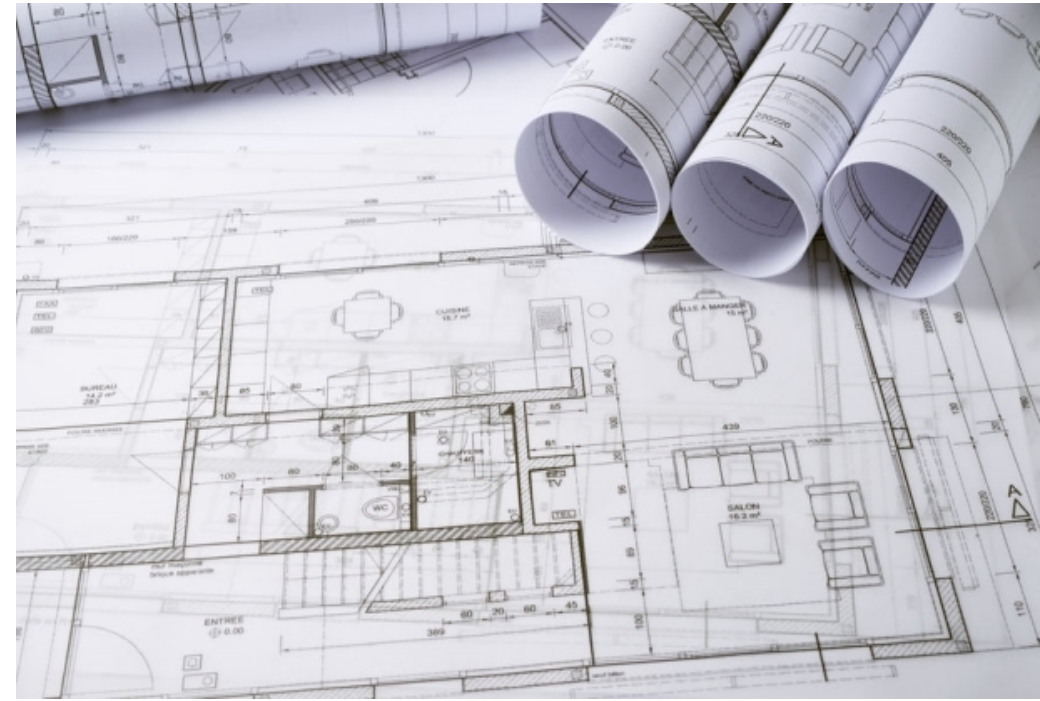
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Design Work

- FHDC to undertake the design work directly prior to seeking a delivery partner
- FHDC control scheme layout and set design parameters that suit planning requirements and needs of local people
- Architectural design work cost is based on the RIBA Stages, we're seeking budget to get to the stage of submitting a planning application – RIBA Stage 3
- Estimated costs total £500K

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Funding Secured

Homes England Design Funding

- FHDC have secured £60,000 resource funding towards the design of the scheme. Condition of Homes England funding is that work must be complete by 31st March 2023
- Homes England have a strong preference that their multi disciplinary framework is used to select designers
- We'll appoint a Lead Designer as well as associated design team to design the scheme up to submission of Planning Application at the end of RIBA stage 3
- FHDC would need to provide additional budget (approved by Full Council / built into next year capital programme) – in the region of £350K

Funding Bid Progress

Brown Field Land Remediation Funding 2

- Bid for £3,550,000 submitted 19th August 2022
 - Decision due between Sep – December 2022
- Conditions of funding:
- FHDC must be in the contract for the land remediation by 31st March 2023
 - Land must be released for housing development by 31st March 2026
- If we're successful it will be the highest ever allocation of funding secured via this funding stream

Other Possible Funding

Other funding options currently being investigated

- Homes England Infrastructure Grant
- Homes England Affordable Homes Programme 2021 -2026 – bid can only take place once planning has been secured



Indicative Timeframe

- OSC
 - Report to Cabinet on design brief and next steps
 - Architect procurement / appointment
 - BLR Fund outcome
 - Outline scheme design and further engagement
 - Planning Submission
 - Resolution to Grant Planning
 - Prepare Tender Invitation Documentation
 - Tender Period/market engagement
 - Cabinet approve deal structure & partner selection
 - Start on Site
- 6th September 2022
21st September 2022
September – November 2022
December 2022
October 2022 – May 2023
June 2023
September 2023
July 2023-September 2023
September - November 2023
25th January 2024
Spring 2024

Questions?

Otterpool Park Stewardship

6 September 2022

FHDC Stewardship Objectives

Stage 1

- Establishment of an appropriate stewardship vehicle

Stage 2

- Identification and transfer of assets to be managed by the stewardship vehicle
- Development of a viable funding model based on a hybrid of sources
- Development of a sustainable business plan to deliver long-term stewardship, including community development activity

Stewardship 'Vehicle' Options

- There are a range of options of which can deliver the strategic principles set out by the Council:

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• a limited liability partnership (LLP)

• a community interest company (CIC)

• a company limited by guarantee (CLG)

























• a charity - can either be a Charitable Incorporate Organisation (CIO) or a Charitable Company Limited by Guarantee (CCLG).

Assessment of 'Vehicle' Options

Options have been reviewed alongside specialist advice obtained from Browne Jacobson (legal advisors) and Kreston Reeves (finance and tax advisors). The factors reviewed were:

- Governance relationship between FHDC, Otterpool Park LLP and the stewardship Vehicle
- Regulatory Framework
- Taxation
- Alignment between the Stewardship Strategic Principles and Otterpool Park Charter
- Future transition to a potential town council
- Community and charitable activities.

Assessment of 'Vehicle' Options (2)

<u>Criteria</u>	Limited liability partnership (LLP)	Community interest company (CIC)	Company limited by guarantee (CLG)	Charity
Governance relationship with FHDC and SV				
Regulatory Framework				
Taxation				
Alignment to Stewardship Strategic Principles and Charter				
Future option to transition to a town council				
Community and Charitable activities				

Assessment of 'Vehicle' Options (3)

- This initial review points to the most advantageous type of SV as being either an **LLP** or **CLG** structure
- Following the initial review of the options it is considered that the following are the key factors that should be given most weight when considering the SV option:

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1. the governance relationship between the Council, Otterpool Park LLP and a new SV
2. the regulatory framework
3. taxation

Assessment of 'Vehicle' Options (4)

The establishment of a Stewardship LLP as a subsidiary of Otterpool Park LLP is recommended as the most appropriate form of SV:

- simplified relationship with the Council and Otterpool Park LLP (group structure)
- strong Council control and influence, particularly in the initial years
- ensures a direct link with Otterpool Park LLP, coherence and alignment with the Otterpool Park vision and place making ambition
- maximises the benefits of skills and experience of the Otterpool Park team and the Council
- Significant Stamp Duty Land Tax and Corporation Tax benefits

Initial Stewardship LLP Board

- It is proposed that an initial Board is established of 6 consisting of :
 - 2 nominated by the Council
 - 2 nominated by Otterpool Park LLP
 - 1 nominated by the Nominee Company (Otterpool Development Co Ltd)
 - 1 nominated from the community
- Initial focus on embedding stewardship into the wider delivery of Otterpool Park and establishing related business plan and operations.
- Transition to more community led approach over time as Otterpool Park evolves.

Timescale

- Subject to Cabinet approval the timescale for establishment of the Stewardship LLP is:

Oct 2022	Establish 'dormant' LLP company
Nov 2022	Develop draft business plan
Jan 2023	Business Plan approved by Cabinet
Jun 2023	Board appointed

Next Steps

- Cabinet report October 2022, emerging recommendations:
 - 1) agree the overall approach to delivering stewardship
 - 2) agree the establishment of a stewardship vehicle as a Limited Liability Partnership and as a subsidiary of Otterpool Park LLP
 - 3) receive a further report with more detail on the assets proposed to be transferred to the vehicle, the treatment of assets, and funding model supported in a detailed business plan
- Return to OSC with draft business plan for the stewardship vehicle in November 2022