



Agenda

Meeting: **Cabinet**
Date: **20 April 2023**
Time: **6.30 pm**
(PLEASE NOTE THE DATE AND TIME CHANGE)
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>.

Please note there will be 37 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.

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

Members of the Council should declare any interests which fall under the following categories:

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

3. **Minutes (Pages 5 - 10)**

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Email: committee@folkestone-hythe.gov.uk or download from our
website
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To consider and approve, as a correct record, the minutes of the meeting held on 22 March 2023.

4. **Exploring Potential for New Nuclear Technologies at Dungeness (Pages 11 - 18)**

This report sets out the current position and next phase of work to explore suitability of and commercial interest in specific proposals for new nuclear technologies at Dungeness. The report has been developed in partnership with Kent County Council (KCC Cabinet have approved a version of this joint paper).

5. **Huume Housing Allocations and Housing Options System Update (Pages 19 - 22)**

This report updates on work being carried out to transfer the Council's Housing Options and Housing Waiting List IT System between Locata, our existing Supplier, and our new supplier Huume.

6. **Housing Carbon Reduction Approach 2023-2030 - (supplement to Housing Asset Management Strategy 2022-27) (Pages 23 - 58)**

This report gives an overview of F&HDC Housing Services' approach to how we propose to deliver on targets to reduce carbon emissions across the council owned and managed homes by 2030 (and 2050), in line with the commitments set out within the published Housing Asset Management Strategy. This approach is consistent with the wider council F&HDC Net Zero Toolkit and Carbon Reduction Action Plan.

7. **Otterpool Park LLP Update and Contract Awards (Pages 59 - 70)**

This report presents an update on the preparation of the second annual update of the strategic business plan for Otterpool Park Limited Liability Partnership (LLP). The report also provides an update on engagement with Homes England in relation to a potential Collaboration Agreement and seeks agreement for Otterpool Park LLP to enter into 3 contracts which are required to continue to progress delivery of the project.

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

Cabinet

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 22 March 2023
Present	Councillors John Collier, Mrs Jennifer Hollingsbee (Vice-Chair), David Monk (Chairman), Stuart Peall, Tim Prater and David Wimble
Apologies for Absence	Councillors Ray Field, David Godfrey and Lesley Whybrow
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Gavin Edwards (Performance and Improvement Specialist), Ewan Green (Director of Place), James Hammond (Strategic Policy Officer), Amandeep Khroud (Assistant Director), Lydia Morrison (Interim S151 Officer), Susan Priest (Chief Executive), Adrian Tofts (Strategy, Policy & Performance Lead Specialist) and Jemma West (Democratic Services Senior Specialist)
Others Present:	Councillor Rolfe

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 31 March at 5pm. Decisions not called in may be implemented on Monday 3 April 2023.

83. **Declarations of Interest**

There were no declarations of interest at the meeting.

84. **Minutes**

The minutes of the meeting held on 22 February 2023 were submitted, approved and signed by the Leader.

85. **Oportunitas Limited - Progress report 2022/23 and Business Plan 2023/24**

The report proposed a Business Plan from the Board of Oportunitas Ltd (“the company”) covering its activities through to 31 March 2024. The report also provided a financial update for 2022/23. The report meets the requirement contained in the Shareholder’s agreement between the company and the

Council. The Chairman of Oportunitas, Councillor Rolfe, was in attendance to present the report and answer any questions.

Proposed by Councillor Wimble,
Seconded by Councillor Collier; and

RESOLVED:

1. **That report C/22/104 be received and noted.**
2. **That the Business Plan for Oportunitas Limited for the period through to 31 March 2024 be agreed.**

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

Cabinet was asked to agree the recommendations because the Shareholder Agreement between the company and the Council requires a Business Plan to be approved for the next trading period.

86. **District, Parish and Town Council Elections - Kent scale of election fees**

The report set out the annual changes to the Kent scale of election fees of Folkestone & Hythe's Returning Officer to undertake the arrangements for managing and conducting district, parish and town council elections from 1 April 2023.

Proposed by Councillor Monk,
Seconded by Councillor Peall; and

RESOLVED:

1. **That report C/22/100 be received and noted.**

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

The scale of fees enables a fair and reasonable recharge to be made by Folkestone & Hythe District Council to town and parish councils for their elections.

87. **2021-22 Annual Equality Report**

The Equality Act 2010 places a statutory duty on the council to prepare and publish information annually to demonstrate compliance with the Public Sector Equality Duty. The draft Equality & Diversity Annual Report is therefore presented for consideration and approval prior to publication.

Proposed by Councillor Mrs Hollingsbee,
Seconded by Councillor Wimble; and

RESOLVED:

1. **That report C/22/103 be received and noted.**

2. That the draft Equality & Diversity Annual Report outlined in Appendix 1 be approved.

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

The council needs to ensure that it meets the statutory requirements of the Public Sector Equality Duty. The report demonstrates the council's commitment to positively contributing to the advancement of equality and good relations, summarises the activities undertaken in 2021-22 to promote equality, diversity, and inclusion, and highlights the positive measures that have been taken to remove barriers, improve access to services, and increase customer satisfaction.

88. Quarter 3 performance monitoring report 2022/23

The report provided an update on the Council's performance for the third quarter of the year covering 1st October 2022 – 31st December 2022. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan. Key performance indicators will be monitored during 2022-23 and reported to CLT and Members quarterly.

Proposed by Councillor Monk,
Seconded by Councillor Peall;

RESOLVED:

- 1. That report C/22/102 be received and noted.**
- 2. That the performance information for Quarter 3 2022-23 in Appendix 1 be noted.**
- 3. That the recommendation of the Finance and Performance Scrutiny Sub-Committee meeting held on 7 March, as set out at paragraph 2.5.4 of the report, be accepted.**

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

- a)** The Council is committed to monitoring performance across all of its corporate service ambitions to ensure progress and improvement is maintained.
- b)** The Council needs to ensure that performance is measured, monitored and the results are used to identify where things are working well and where there are failings and appropriate action needs to be taken.

89. Review of Risk Management Policy & Strategy and Corporate Risk Register

The report presented an updated Risk Management Policy & Strategy for adoption by Cabinet. The Policy & Strategy provides a framework for the management of risk by Officers and Members. The report also provided Cabinet with an updated Corporate Risk Register, as considered by the Audit and Governance Committee on 15 March 2023.

Proposed by Councillor Monk,
Seconded by Councillor Collier; and

RECOMMENDATIONS:

- 1. That report C/22/99 be received and noted.**
- 2. That the proposed Risk Management Policy & Strategy be adopted.**
- 3. That the current Corporate Risk Register be noted.**

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

A clear framework as outlined within the Strategy will ensure consistency in approach across the organisation, provide clarity of roles with respect to Risk Management and enable progress towards an embedded Risk Management culture within the organisation.

90. Local Authority Housing Fund

The Government has provisionally offered the Council £1.2m of Local Authority Housing Fund (LAHF) grant, to facilitate the purchase of ten properties to temporarily accommodate Ukrainian and Afghan refugees in the district. The timeframe for the Council to confirm it wishes to accept the grant funding is very short. The Cabinet Member for Housing and Special Projects took an individual member decision and agreed that the Council should submit a non-binding Memorandum of Understanding to the Government by their deadline of 15 March 2023.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:

- 1. That the report be received and noted.**
- 2. That the Individual Member Decision taken by the Cabinet Member for Housing & Special Projects to submit the Memorandum of Understanding for the LAHF Scheme be noted.**
- 3. That the Council should participate in the LAHF initiative and purchase ten properties to accommodate refugees from Ukraine and Afghanistan.**
- 4. That the match funding requirements of the scheme and how this is proposed to be met from Council resources be noted.**
- 5. That a further report be tabled at Full Council to add the scheme to the HRA Capital Programme.**

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

Cabinet was asked to agree the recommendations set because: -

- a) The LAHF covers 40-50% of the purchase cost for ten properties, plus a further £20K per property for other associated costs.
- b) The properties will be used initially to house Ukrainian and Afghan refugees, but can subsequently be used to accommodate households on the housing list.
- c) Approximately 100 Ukrainian households have been accommodated in the district under the Ukrainian Settlement Programme, some of these households are likely to need to move into alternative accommodation over the coming months.

91. **FHDC Response to KCC Community Services Public Consultation**

On 17 January 2023 KCC opened a public consultation on the closure of KCC buildings housing Children's Centres and Youth Hubs, Public Health Services for Children and Families, Community Services for Adults with Learning Disabilities, Community Learning and Skills (Adult Education), and Gateways. The public document on KCCs website shows the county-wide proposals for closures and repurposing of sites. A bespoke Folkestone and Hythe version was sent to the Council with a letter on 10th January 2023. Informal Cabinet requested a member briefing from KCC which was held on 9th February 2023 on how the proposals had been reached and impact on the district. The report sets out some key points relating to this consultation. FHDC's formal response back to KCC on the proposals is due 26th March 2023.

Proposed by Councillor Monk,
Seconded by Councillor Peall; and

RESOLVED:

1. That report C/22/101 be noted.
2. That the Director of Place, in consultation with the Cabinet Member for Communities, Lifeline, Area Officers & Street Homeless be authorised to submit the Council's consultation response based on the key issues outlined in section 3. of the report.

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

To agree the Council response to the KCC consultation on the proposed closure of building in the district using the online feedback form and covering the points listed in section 3.

92. **Community Infrastructure Levy (CIL): Proposed adoption of the Council's Modified CIL Charging Schedule**

The council adopted the Core Strategy Review (CSR) in March 2022, and so it has been necessary for the council to amend the adopted CIL Charging Schedule to bring it 'in step' with the adopted CSR, as well as amendments to

the CIL Regulations. The Community Infrastructure Levy (CIL) Regulations (2010) as amended, outlines the process for establishing a CIL scheme in an area. At its meeting of 20th July 2022, the Cabinet approved publication of the Draft Charging Schedule and associated documents for consultation (and public consultation took place between 22 August and 3 October 2022), and authorised the Council to submit the DCS and associated documents to the appointed external Examiner for independent examination in accordance with the CIL Regulations 2010 (as amended). The DCS was submitted for external Examination in November 2022, and the Examiner's report was received in February 2023.

The purpose of the report is to:

- Report back on the outcome of the external examination – the Examiner's report of February 2023, concluded that the Council's CIL Draft Charging Schedule provided an appropriate basis for the collection of the levy in the district.
- Present for consideration the final draft of the Council's CIL Charging Schedule, recommending Cabinet approve the final draft, before a report is taken to Council on 29 March 2023, recommending adoption of the Charging Schedule. The proposed start date for adoption of the revised Charging Schedule is 1 April 2023.

Proposed by Councillor Monk,
Seconded by Councillor Peall; and

RESOLVED:

1. That report C/22/106 be received and noted.
2. That the findings of the Report on the Examination of the Folkestone & Hythe District Council Community Infrastructure Levy Modified Draft Charging Schedule (February 2023) be noted.
3. That it be recommended to Full Council that the Community Infrastructure Levy Modified Draft Charging Schedule (April 2023) and Infrastructure Schedule be adopted.

(Voting figures: 6 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

Cabinet was asked to agree the recommendations given the need to develop a modified CIL Charging Schedule in response to amendments to the Community Infrastructure Levy Regulations 2010 that were introduced in September 2019, and to support delivery of the Core Strategy Review Local Plan.

This Report will be made public on 11 April 2023



Report Number **C/22/111**

To: Cabinet
Date: 19 April 2023
Status: Non key decision
Responsible Officer: Ewan Green - Director of Place
Kirsty Roberts -
Cabinet Member: Councillor David Monk - Leader of the Council
Councillor David Godfrey - Cabinet Member for Housing and Special Projects
Councillor David Wimble - Cabinet Member for the District Economy

SUBJECT: EXPLORING POTENTIAL FOR NEW NUCLEAR TECHNOLOGIES AT DUNGENESS

SUMMARY: This report sets out the current position and next phase of work to explore suitability of and commercial interest in specific proposals for new nuclear technologies at Dungeness. The report has been developed in partnership with Kent County Council.

REASONS FOR RECOMMENDATIONS:

The Department for Energy Security & Net Zero (DESNZ, formerly BEIS) is moving from a centralised list of potential nuclear sites to a more responsive site approval process. This changes the route for approving new nuclear activities at Dungeness and has implications for the Councils' role in progressing future site options.

Cabinet agreement is sought to establish a governance approach with Kent County Council that will support progress in relation to determining the new nuclear opportunities at Dungeness.

RECOMMENDATIONS:

1. To receive and note report C/22/111.
2. Note the updated position in respect of Dungeness and the potential deployment of new nuclear technologies.
3. Agree the governance approach detailed in section 2 of the report and that the Council establish a joint Steering Committee with Kent County Council.
4. Agree the next steps and actions outlined in section 2 of the report.
5. Note that the outcome of the next stages of work will be reported to Cabinet in due course.

1. BACKGROUND

- 1.1 Clean nuclear technology is an increasingly important part of the UK's energy mix. The UK government has committed to reducing its emissions to net zero by 2050 and clean nuclear power could play an important role in helping to meet this goal.
- 1.2 Dungeness has been a nuclear site for sixty years, it has the grid connections, the water, the workforce, the space is essentially a brownfield site. Through joint working KCC and FHDC have engaged with Rolls Royce, other Small Medium Reactor (SMR) and Advanced Modular Reactor providers, EDF, Natural England and the Nuclear Industry Authority (NIA), with the aim of bringing forward a proposition for Dungeness to generate power as quickly as possible.
- 1.3 Partnership working has been ongoing with Kent County Council (KCC) to bring forward opportunities to secure a nuclear power generation future for Dungeness. This has included liaison with Damian Collins MP. So far, the joint efforts have been focused on supporting the case for Dungeness to be included on the Government's National Policy Statement for new nuclear sites above 1GW. Dungeness wasn't previously included on the list of appropriate sites to host a gigawatt nuclear plant.
- 1.4 A key part of ongoing work has been to clarify the position of Government Departments and agencies and commercial operators to understand the case that needs to be developed for new nuclear at Dungeness.
- 1.5 The partners have engaged with the Department for Energy Security & Net Zero (DESNZ) and the NDA to understand what the new site strategy will mean for new nuclear at Dungeness, the process by which sites will receive regulatory approval and government expectations around the role LAs will play. Key points which support this are outlined below.
- 1.6 **National Policy:** There is a firm commitment to nuclear through the Government's 2020 Energy White Paper and Net Zero Strategy with further funding to support the development of SMRs announced in the Spring Budget. Reflecting this, there is an intention to consult on a new siting criteria (National Policy Statement EN-7) later this year. Proposed changes to the government policy position are to remove the current site listing strategy and replace this by giving developers, LAs and landowners' ability to engage directly with government. The process is still unclear but it seems that business cases will be considered for credible nuclear site proposals (whether existing nuclear or new sites), which will remove barriers for a wider range of sites to be considered.
- 1.7 **Kent County Council Policy:** is currently in the process of reviewing its Minerals and Waste Local Plan (KMWLP) 2023-38 which contains policy CSW187 dealing with the potential storage of waste at the Dungeness site.
- 1.8 **Folkestone & Hythe District Council Policy:** - The Core Strategy Review, adopted in 2022, considers the future of the Dungeness site in Policy SS1: District Spatial Strategy. The policy recognises that redevelopment plans for

the site may come forward during the plan period (to 2037) and allows for the council to work in partnership with stakeholders to develop an Area Action Plan for the site to set out proposals for the site. This policy was developed as a result of representations from the Nuclear Decommissioning Agency and Magnox during the public examination of the plan.

- 1.9 **Site:** While at 17 acres Dungeness A is seen as a small site it has the major benefits of grid connections and cheap access to water, together with a skilled workforce and a generally supportive community.
- 1.10 **Decommissioning:** Existing nuclear sites will move from EDF into the control of the Nuclear Decommissioning Authority when de-fuelling is complete. Dungeness B will probably be the last of these as de-fuelling is expected to take longer than others due to its complex nature. All systems at Dungeness B are still in place although generation has ceased. Decommissioning of Dungeness A is now under way. The decommissioning timeline is to some extent dependant on future site use(i.e.) if the NDA felt there was a credible nuclear future for the Dungeness site the decommissioning process could potentially be prioritised and accelerated to some extent.
- 1.11 **Environment:** The Dungeness site is outside, but tightly enclosed on all sides by the Dungeness, Romney Marsh and Rye Bay Site of Special Scientific Interest (SSSI), a national environmental designation. Areas closely surrounding the site and further inland are protected as a Special Area of Conservation (SAC) at national and European level. Areas of the shore close to the site are designated as a Special Protection Area (SPA) for their value for bird life. Areas close to the site, along the shore and further inland are protected under the Ramsar convention as wetlands of international importance. The area therefore enjoys strong environment protection and the loss of shingle outside of the current footprint would be an issue. However, Natural England indicate that no assumptions should be made and they remain keen to work closely with us on specific proposals for the site. The Environment Agency has also significantly improved the flood defences for the site.
- 1.12 **Commercial interest:** Rolls-Royce have made their own site strategy assessment and have identified Trawsfynydd, Sellafield, Wylfa and Oldbury as priorities to host SMRs. These are predominantly greenfield or cleared brownfield sites with clear ownership. There are a number of technology vendors interested in the Dungeness site, timing of decommissioning, clear ownership and having a clear process in place to move through regulatory approvals are key to commercial prioritisation.
- 1.13 **Local Engagement:** Magnox are in the early stages of planning a 'Big Conversation' with the communities immediately surrounding their sites, including Dungeness. This will focus on future site use and how Magnox can support maximising benefits for existing communities.
- 1.14 Technology vendors have already started to widen their search for sites. EDF report strong interest from a range of companies in Dungeness and

scoping conversations with technology vendors to understand range of potential future uses for the site is the key next step.

2. PARTNERSHIP ARRANGEMENTS AND NEXT STEPS

- 2.1 In order to continue to progress the opportunity for Dungeness and ensure that the current momentum is maintained it is recommended that a joint KCC and FHDC Steering Committee is established (as outlined in the Appendix). FHDC Membership of the Committee will require to be reconfirmed following the May 2023 District Council Election.
- 2.2. Strong commercial interest and a credible nuclear future for the site are the key drivers for Government decision making around how they are prioritising regulatory approvals. As Government work through their site selection process the next key step is to continue to progress soft market testing alongside KCC in order to develop a small number of credible, high-level proposals for the site.

Actions required to get develop proposals for Dungeness are:

- Work with partners and site operators to set some high-level criteria around site use, scale and potential for the site.
 - Work with EDF (landowner) and interested technology vendors to develop high level proposals for Dungeness site.
 - Continue high level discussions around potential technologies that could be sited at Dungeness with technology vendors and use to develop a small number of high-level proposals for the site alongside KCC
 - Use these high-level proposals to test assumptions around environmental restrictions; phasing of new nuclear on site alongside decommissioning activity; community engagement and support; economic impact and commercial viability internally and with a range of partners.
 - Work with Government department and agencies to understand what the process would be to progress these proposals for the site through regulatory approvals.
- 2.3 The outcome from the above will reported to the Steering Committee and to Cabinet in due course for further consideration. It is intended this work will move the proposition for the future of Dungeness forward and result in a clear strategy and actions required. At that stage the partners will have to give consideration to the significant resources, technical capacity and governance requirements that would be needed should proposals for the deployment of SMR's / AMR's for Dungeness come forward.

3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Opportunity for the deployment of new nuclear energy at Dungeness is missed.	Medium	Medium	Partnership working across key partners to undertake soft market testing and develop proposition.
Not set up to manage locally led procurement, risk not progressing project	Medium	Medium	Work with Government to understand process and explore funding options to support technically complex project.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report.

7.2 Finance Officer's Comments (JS)

Whilst at this early stage there is no clear quantum for the financial implications arising out of the proposals, there may be a small financial resource requirement to progress through the initial stages as per the recommendations in this report. If such costs are to be incurred, a budget will need to be identified. There may also be additional future financial implications attached to personnel capacity, namely whether additional personnel may be required as the project progresses; any additional personnel requirements will result in costs being incurred and a suitable budget would also need to be identified for the allocation of those costs. More clarity around the financial implications, including potential funding sources and allocation between the joint parties, will however need to be provided once this item has progressed further.

7.3 Diversities and Equalities Implications (GE)

There are no equality and diversity issues directly arising from this report.

7.4 Climate Change Implications (OF)

There are no climate impacts arising from this report, however proposal and subsequent project as a result of this report will need to be subject to climate impact assessment.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Kirsty Roberts Chief Officer, East Kent Leadership Group

Telephone: 07858685693

Email: kirsty.roberts@folkestone-hythe.gov.uk

Appendix

Governance: Dungeness Steering Committee: Terms of Reference

As interest in future site usage grows we need to evolve our governance arrangements to maintain momentum for this work. Proposed high level TOR and membership for project governance:

Purpose: To secure a nuclear future for Dungeness through the hosting of Small Modular Reactors or Advanced Modular Reactors creating and retaining skilled jobs locally and powering our Kent economy.

Key responsibilities:

- To work with Government to ensure Dungeness is included in the new list of national nuclear sites following planned consultation.
- To work with current nuclear operators and landowners EDF and with other reputable manufacturers or operators of small modular reactors to promote the Dungeness site and with Natural England to safeguard the unique Dungeness environment.
- To build an evidence base for new nuclear being sited at Dungeness.
- To develop the case for Dungeness as part of a co-ordinated and wider Nuclear Kent energy campaign.

Meeting frequency: Bimonthly, alternating between virtual and in-person.

Membership:

- Cllr David Robey, KCC (Chair)
- Cllr Tony Hills, KCC (Vice Chair)
- Cllr Roger Gough, KCC Leader
- Derek Murphy, KCC Cabinet Member for Economic Development
- Susan Carey, KCC Cabinet Member for the Environment
- Damian Collins MP
- FHDC Leader
- Two FHDC Cabinet Members

Officer support for the Steering Committee will include:

Folkestone and Hythe:

- Director of Place
- Chief Officer, Economic Development
- Romney Marsh Partnership Lead Specialist
- Chief Officer, East Kent Leadership Group

KCC:

- Director, Economic Development
- Development Strategy Manager
- Staff Officer, Economic Development Portfolio

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This report will be made public on 11 April 2023



Report Number **C/22/110**

To: Cabinet
Date: 19 April 2023
Status: Non-decision
Responsible Officer: Andy Blaszkowicz
Cabinet Member: Councillor David Godfrey, Cabinet Member for Housing and Special Projects

Subject: Huume Housing Allocations and Housing Options System Update

SUMMARY: This report updates on work being carried out to transfer the Council's Housing Options and Housing Waiting List IT System between Locata, our existing Supplier, and our new supplier Huume.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out in this report because: -

- a) The Kent Homechoice Partnership has re-tendered the contract for the Kent wide housing options and housing waiting list system.
- b) The new system will be operational from July of this year and will be provided by Huume Housing Services.
- c) All new housing options and waiting list documentation will be stored in the new Huume system.

RECOMMENDATIONS:

1. To receive and note report C/22/110.

1.0 Introduction and Background

- 1.1 Kent Homechoice (KHC) is a partnership of 13 Local Authorities, 28 Housing Associations and KCC, set up to provide a Kent-wide housing allocations and housing options system, including a Choice Based Lettings System. The system also allows housing waiting list and homeless applicants to self-serve and update their housing waiting list and homelessness applications.
- 1.2 Following the completion of a comprehensive procurement process by Dover District Council on behalf of the partnership, the contract with our current system provider, Locata, finishes at the end of July 2023. The Housing Options and Case Management Teams are working with the Council's ICT and Digital teams to facilitate the transfer to the new system provider.
- 1.3 To enable the new system to be implemented it will be necessary to suspend the Allocations system during the period 1st June 2023 until 1st July 2023. During this short period, it will not be possible for vacant properties to be advertised through the choice-based lettings system. However, it will still be possible to allocate directly to any vacant properties that become available, in line with existing provisions within our current Housing Allocations Policy. This will ensure that there is no impact on the void turn-around times for vacant Council homes.
- 1.4 New waiting list applicants will not be able to apply online during the short suspension period but will be advised to contact the Council directly to manually have their applications added to the waiting list. The resource demands of this activity will be provided by the Housing Option, Case Management and Customer Services Teams. Information for existing waiting list and homelessness applicants will be automatically transferred from the current Locata system to the Huume system. This will minimise the overall impact on customers and overall service delivery.
- 1.5 The Housing Options and Case Management Teams will communicate directly with all current and future applicants so that they are fully aware of any action they need to take in respect of their application. The Teams will also work with the Council's Communications Team to communicate the changes through on-line and other media channels. They will also provide support to any applicants who require further assistance within their application.
- 1.6 Housing options and housing waiting list information (stored over the last 5 years) currently held in the Council's Corporate Civica System, will be moved and stored in the Northgate (NEC) system. The cost of this can be covered from the existing agreed Civica System closure budget resources. The information cannot be transferred to the new Huume System.
- 1.7 Going forward, all future housing options and housing waiting list information will be stored solely in the Huume system. All officers using the system will receive the necessary training to enable them to fully use the system and assist applicants

2.0 Resource Implications

- 2.1 There are no additional financial resource implications for the transfer to the new Huume System as the costs falls within the Council's existing Kent Homechoice budget. The contract will run for 4 years, with an option to extend for a further 2 years. The 2022/23 cost for the current Locata System was £14,027.14. The new Huume system will be a lower amount of £7,615.00 per year.

3.0 RISK MANAGEMENT ISSUES

- 3.1 A summary of the perceived risks is as follows:

Perceived risk	Seriousness	Likelihood	Preventative action
It is essential that the Council has an effective Housing Options and Waiting List System	High	Low	Implementation of the new Huume Housing System.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/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 (RH)- the financial implications are within the body of this report (Section 3).

4.3 Diversities and Equalities Implications (AH)

There are no implications arising directly from this report.

4.4 Communications (AH) – The Project Team will communicate directly with all current and future applicants so that they are fully aware of any action they need to take in respect of their application. The Team will also work with the Council's Communications team to communicate the changes through on-line and other media channels.

4.5 Climate Change Implications (AH)- There are no implications arising directly from this report.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Adrian Hammond, Lead Specialist, Strategic Housing
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Steve Makin, ICT and Infrastructure Senior Specialist
Email: steve.makin@folkestone-hythe.gov.uk

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

None.

This Report will be made public on 11 April 2023



Report Number **C/22/107**

To: Cabinet
Date: 19 April 2023
Status: Non-Key Decision
Responsible Officer: Gill Butler, Chief Officer, Housing
Cabinet Member: Cllr David Godfrey, Cabinet Member for Housing & Special Projects

SUBJECT: HOUSING CARBON REDUCTION APPROACH 2023-2030 (supplement to Housing Asset Management Strategy 2022-27)

SUMMARY: This report gives an overview of F&HDC Housing Services' approach to how we propose to deliver on targets to reduce carbon emissions across the council owned and managed homes by 2030 (and 2050), in line with the commitments set out within the published Housing Asset Management Strategy. This approach is consistent with the wider council F&HDC Net Zero Toolkit and Carbon Reduction Action Plan.

REASONS FOR RECOMMENDATIONS:

1. Following publication of the Housing Asset Management Strategy, a Delivery Plan was agreed which included an action to develop a planned approach to carbon reduction across the council housing portfolio.
2. Two key commitments were made in the Housing Asset Management Strategy to support the council's wider climate change pledge:
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:
 - a. achieving a minimum EPC rating of 'C' by 2030
 - b. aiming to achieve 'net zero carbon in use (NZC)' for all of its housing stock by 2050.

RECOMMENDATIONS:

1. To receive and note report C/22/107.
2. To agree publication of the council's Housing Carbon Reduction Approach 2023-2030 (attached at Appendix 1).
3. To endorse officers' efforts to pursue all opportunities to reduce carbon emissions across the council housing portfolio, including retrofitting homes to bring energy efficiency ratings up to EPC 'C' by 2030.

1. BACKGROUND

The Housing Asset Management Strategy was produced and published in early 2022 in response to the need to set out how the Housing Service would look to invest in the council managed stock following the stock coming back into council management from East Kent Housing in October 2020.

- 1.2 There were a number of objectives set out in the Asset Management Strategy that include a commitment to *'improving our council portfolio, contributing to building new affordable homes where possible, and retrofitting existing council homes, which will ensure stock remains fit for purpose over the coming years.'*
- 1.3 The Asset Management Strategy was developed following an extensive, independent stock condition survey carried out June-November 2021. Of the 3,397 council owned and managed homes, the survey achieved 100% of information for external areas and common parts, along with 90% for internal dwellings. The overall report told us that: *The stock requires continued expenditure over a 30-year planning term to maintain all properties up to a good, tenable standard.'*
- 1.4 The report also provided a 30-year re-investment profile showing:
 - A whole stock cost analysis, by category of expenditure (survey data plus desktop costs);
 - Indicative Housing Health and Safety Rating System (HHSRS) data; and
 - A Decent Homes analysis.

In addition, energy data was supplied to advise F&HDC on existing energy ratings, identify the levels of investment required to increase ratings and achieve NZC in use by 2050.

- 1.5 Using this data, the Housing Team have been working on a revision to the council's Housing Revenue Account (HRA) Business Plan. The HRA Business Plan informs our priorities for funding from the HRA delivering the vision in the context of wider council priorities.
- 1.6 Although as there are still uncertainties about the long-term cost and effectiveness of some energy efficiency measures, it is challenging for officers to accurately forecast decarbonization costs across a 30-year period.
- 1.7 The HRA Business Plan supports the 2021-30 Corporate Plan – *'Creating Tomorrow Together'* and council's service ambitions, particularly - *Quality Homes & Infrastructure – To deliver a safe, accountable housing service.*

The priorities for the Housing Service are: -

- Compliance - Tenant H&S and wellbeing, incl. meeting Regulator of Social Housing new legislation
- Housing management, repairs and maintenance of existing stock
- Decent Homes - investment and capital Improvements
- Decarbonisation - Retrofitting
- Acquisitions and contributing to New Build

2 HOUSING CARBON REDUCTION APPROACH (HCRA)

- 2.1 The Housing Carbon Reduction Approach document (Appendix 1) has taken into consideration government legislation around carbon emissions and climate change, as well as the council's approach to meeting Net Zero Carbon and general approaches to reducing carbon emissions in the social housing sector, as set out in the F&HDC Net Zero Toolkit – Existing Buildings (Part 3 Retrofit).
- 2.2 In 2021 the government announced £3.8bn government commitment over a 10-year period to improve the energy performance of social rented homes. In 2022 F&HDC were successful in being awarded £2M Social Housing Decarbonisation Fund (SHDF) for our Wave 1 bid to improve the energy efficiency of 109 of our worst performing homes - up to EPC 'C' with a third match funding from the HRA. This award also included being able to complete the 'fabric first' work at Ross House, Cheriton, which when completed in June 2023 will be our first flagship zero carbon retrofit scheme of 16 apartments.
- 2.3 The Housing Team submitted a further bid under Wave 2 of the scheme which has also been successful at an award of £2.6M. This will be a 2-year programme 2023/24 - 24/25 to improve energy efficiency of around a further 300 council homes with equal match funding from the HRA.
- 2.4 F&HDC will continue to bid for future grant funding to help us achieve our carbon reduction target to achieve EPC 'C' ratings for all stock by 2030 however, this means we have to retrofit a further 900 homes 2025-2030, and although this is a challenge, we are confident that this could be achieved, but it will mean significant investment in our stock over the coming years. This programme sits alongside our decent homes and capital improvement programmes.
- 2.5 Achieving 'NZC in use'/EPC 'A' by 2050 is a much bigger challenge, and we don't yet know what government funding assistance may be available to support this ambition. Therefore, whilst the HCRA details retrofitting principles, using the *fabric first, worst first and least regrets* strategy, the Housing Carbon Reduction Approach document will need to be regularly reviewed and updated as new technologies and funding opportunities become available.

3 COSTS

- 3.1 Although over time the figures quoted below may change as technologies become more affordable and the sector learns more about retrofit, based on the Rapley's survey data the estimated total cost of achieving NZC for the Housing Revenue Account housing stock is in the order of £132m,* i.e. £39k per dwelling.

**As stated in the Housing Asset Management Strategy*

4. CONSULTATION

- 4.1 As with any major works programme communication and consultation is a vital part of ensuring tenants and leaseholders are engaged in the retrofit journey and both residents and stakeholders understand that reducing carbon emissions across the council housing stock, will benefit the council as well as residents.

- 4.2 The HCRA talks about active behavioural change – this is informing and publicising more about how tenants living in these new energy efficient homes will need to amend their lifestyle in order to get the best from the new technology. Embracing Smart Tech, including digital reporting repairs online, using our new self-serve portal for tenants Housing Online is just the start, and during our Wave 1 retrofit experience we appointed a dedicated Resident Liaison Officer to oversee all consultation, engagement and communication with tenants.
- 4.3 Strategic Tenants Advisory Panel have been consulted on the development of the Housing Carbon Reduction Plan and the final published document will include the tenant endorsement kitemark.
- 4.4 Tenants, Officers and stakeholders will be fully consulted as we commence and roll out the Carbon Reduction / EPC ‘C’ programmes.

5. RISK MANAGEMENT ISSUES

A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
F&HDC HRA not able to achieve carbon reduction targets	High	Medium	To undertake works as early as possible. Ensure funding is allocated within the HRA Business Plan and all opportunities for external funding are explored.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 6.1 **Legal Officer’s Comments (NM)** There are no legal implications arising directly from this report.
- 6.2 **Finance Officer’s Comments (ST)** There are no financial implications arising directly from this report. All necessary financial information was included as part of the Housing Asset Management Strategy and will be included as part of the HRA Business Plan report.
- 6.3 **Equality and Diversity Implications (GE)** There are no equality and diversity issues directly arising from this report.
- 6.4 **Climate Change (OF)** – This report incorporates climate change implications stated in F&HDC published documents relating to carbon reduction targets. Proposals/projects arising as a result of this report should be subject to climate impacts assessment as applicable.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Gill Butler, Chief Officer, Housing

T: 01303 853300
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Appendices:

Appendix 1: **Draft Housing Carbon Reduction Approach 2023-2030**

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HOUSING CARBON REDUCTION APPROACH

Folkestone & Hythe District Council
2023–2030

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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’

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Introduction

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 originally required a net 34% reduction in carbon emissions by 2030 and 80% by 2050.

In 2019 the government established that this target was not enough, so they amended the Climate Change Act to commit the UK to achieving 'net zero carbon' (NZC) by 2050. In effect this means that whilst some GHG emissions, (including carbon dioxide or CO₂), will remain, these will be fully 'off-set', (removed from the atmosphere), by adopting measures to reduce the carbon footprint.¹

Folkestone & Hythe District Council (F&HDC) have responded to this challenging target and have declared a climate change emergency. This means that as a council we have declared that we (council only) are committed to doing everything we can to try to reduce our carbon emissions by reducing our own carbon footprint to a net zero target by 2030.

The council are working towards achieving NZC by developing our Carbon Reduction Action Plan and a Net Zero Toolkit to help us, our partners, stakeholders and residents on the journey to tackle the consequences of climate change.

In achieving this net zero target we will also reduce the environmental impact on our district and contribute to the wider carbon reduction agenda.

¹ The amount of carbon dioxide released into the atmosphere as a result of the activities of an individual, organization or community.

Some examples of F&HDC's carbon reduction initiatives include:

- Working with Kent County Council to roll out a programme of charging points for electrical vehicles across the district.
- The council currently plant around 100 semi-mature trees a year with a focus on broad canopy trees for carbon uptake.
- Planting wildflower meadows and managing land to promote biodiversity.
- Reviewing the Civic Centre's recycling output and promoting recycling amongst residents.



Carbon reduction in housing

The 2015 government's 'Cutting the Cost of Keeping Warm' Plan sets out policy and initiatives to introduce energy price caps, encourage more installation of 'smart meters', along with other measures designed to protect vulnerable households and tackle households living in 'fuel poverty'².

As part of the wider ambition to meet the NZC challenge by 2050, the government, through their Clean Growth Strategy, in 2017 set a target for social housing providers based on the Energy Performance Certificate (EPC) rating system, as this is a review of a property's overall energy efficiency level.

The target is for social housing to attain the minimum rating of EPC 'C'³ for rented properties by 2035, (2030 for 'fuel poor' households). With the rapidly changing situation around the impact of COVID-19 and energy prices, it has become difficult to accurately predict how many households are in fuel poverty; however, it is expected that more households will struggle to pay their energy bills as fuel prices continue to increase.

Therefore, the F&HDC housing service has adopted a policy of planning for 'all our council managed homes to meet a minimum EPC level 'C' by 2030'.

² 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 and high fuel costs.

³ The EPC rating is carried out by a qualified assessor and is colour coded on a scale from A-G, with 'A' being the most efficient.

Folkestone & Hythe District Council's approach to achieving Net zero carbon in our council managed homes

The health and wellbeing of those living in our council managed homes is of paramount importance to us.

Some studies maintain there is a strong relationship between poorly heated homes and respiratory illness. The Local Government Association have said that 'fuel poverty affects the most vulnerable residents and can have adverse impacts on their well-being.'

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.

However, gas and oil central heating produces a significant amount of emissions. The amount of CO₂ emitted by a gas boiler is constant at 215 grams of CO₂ per kWh of heat delivered, (assuming the boiler is 85% efficient). Gas produces far less carbon than burning oil, which in turn emits much less than burning coal.

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 will not 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 'cleaner' fuel, will need to be installed.

Of the total carbon emissions figure quoted in F&HDCs Carbon Action Plan, the electricity and gas consumption of the social housing stock, (Independent Living housing for older people only), comprises of approximately 57% of the council’s total carbon emissions footprint⁴. This Housing Carbon Reduction Approach sets out how the Housing service will play its part in meeting the council’s commitments to the NZC agenda, by applying ‘NZC in use’⁵ to our council managed stock. This document details the overall approach, priority areas and how this work will be delivered, along with an indication of costs. The housing service is currently developing a new 30-year Housing Revenue Account (HRA) business plan, so that we can ensure that the cost of our projected delivery falls within the scope of the council and government targets.

This Housing Carbon Reduction Approach is part of a library of Housing Strategies and Plans of which the Housing Asset Management Strategy is the primary technical publication that sets out F&HDCs commitment to investment in its existing and future council managed homes.

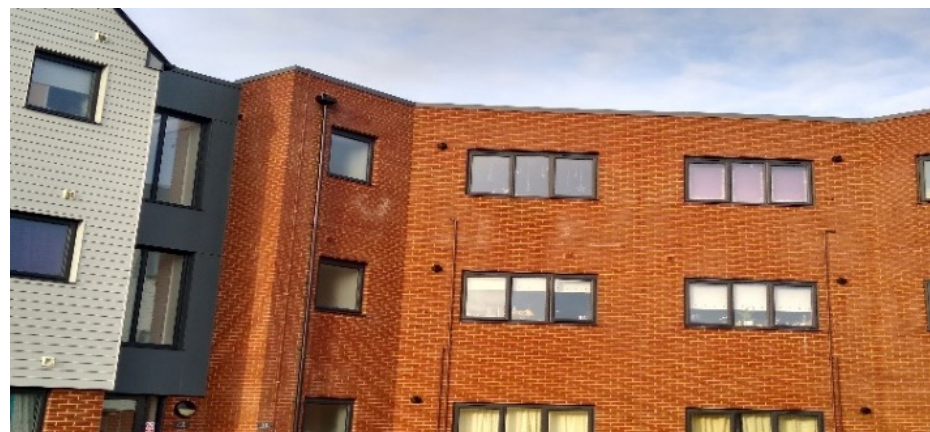
In support of the council’s Climate Emergency, Objective 3 of the Housing Asset Management Strategy states a commitment:

“To 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.”

⁴ F&HDC Carbon Action Plan 2021.

⁵ 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’.

This is an important milestone towards the longer-term goal to **“aim to achieve ‘NZC in use’ for all council managed homes by 2050”**.



The F&HDC housing stock accounts for only 7% of the total housing in the Folkestone and Hythe district and comprises of 3,397 homes. With houses being the largest proportion of the stock, followed by flats, a large proportion of which are part of the Independent Living (sheltered housing) portfolio, in blocks of two to five stories, including 146 bedsit properties, 131 maisonettes, as well as 416 bungalows. There are also an additional 211 leasehold flats and six commercial leased properties.

In 2021 the government announced The Social Housing Decarbonisation Fund (SHDF), which is a £3.8bn government commitment over a 10-year period to improve the energy performance of socially rented homes.

The government state that; **“Warmer, greener and cheaper social homes are on the way for tens of thousands of people living in social housing in England”**.

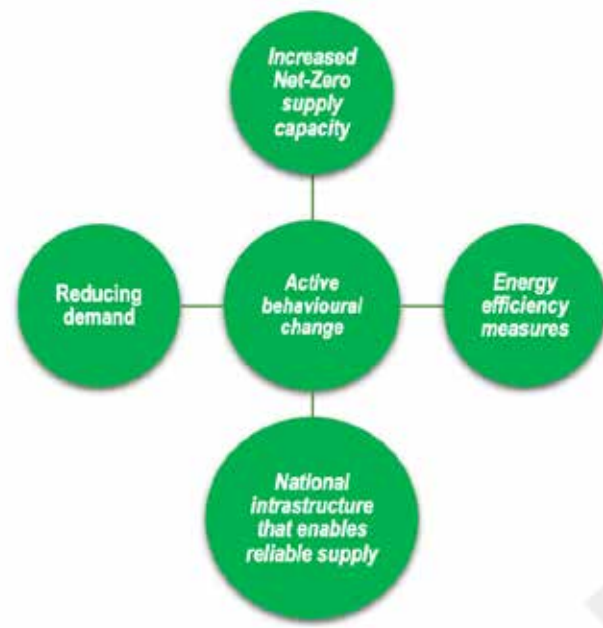
Given the significant unknowns in achieving NZC by 2050 this document focuses on:

- **Retrofitting existing homes** — of its total domestic stock of 3397, the stock condition survey told us that approx. 53% of our properties were already meeting the target of EPC 'C', therefore work is required on the remaining properties.
- **Building new homes (including refurbishment)** — Whilst we of course want to meet future housing need and provide more affordable homes for local people - the council's ambitious new build target is one of many competing demands on the available resources in the HRA. However, we will continue to facilitate our Partners to deliver new homes in the district, and actively pursue our acquisitions programme, especially focusing on buy backs of former RTB homes and S106 affordable new build.
- **Active behavioural change** — New technologies will require lifestyle changes for tenants who live in the council's properties. These changes will include taking a personal responsibility for actively helping to reduce energy usage e.g. using less water, improved recycling, and individual responsibility for helping to reduce energy use in communal areas. In return, tenants should benefit from a more comfortable environment and see a reduction in the cost of heating their home. Changes in how the services are delivered will be required e.g. through digital means, repair or replace, consideration of embodied carbon in specified products; improved product knowledge and coordination of work.

Context and costs

Nationally, to achieve the government's NZC target by 2050 it would mean retrofitting one million UK homes every single year for the next 30 years⁶. To place this into context, it represents five times the cost of building the planned new homes over the same period, and likely to be 10 times the investment behind HS2!

Even if sufficient funds were available, achieving NZC is not solely in the hands of F&HDC. A balance is required between zero-carbon supplies from the grid, (principally nuclear, wind, and solar energy), and the overall energy demand of the housing stock. There needs to be a balance of:



6 Rapley's energy & net zero carbon report February 2022

The foundation of a robust, scientifically based Carbon Reduction plan is the use of accurate data. Having completed a stock survey that included extensive energy data, this plan is founded on up-to-date information.

However, over time the figures quoted below may change as technologies become more affordable.

The estimated total cost of achieving NZC for the Housing Revenue Account (HRA) housing stock is in the order of **£132m, i.e. £39k per dwelling** and is broken down as follows:

- *Improvement works to achieve minimum rating of EPC 'C' across the council's portfolio is **£12.4m i.e. an average of £7.8k per dwelling** (over the 1584 dwellings needing work).*
- *The cost of moving beyond EPC 'C' to achieve NZC is in the order of an additional **£120m i.e. an average of £35k per dwelling** (over the total stock of 3,397 dwellings).*

These costs cannot be supported by the Housing Revenue Account and although future Government funding is anticipated, there is no guarantee we will be successful in bidding for it.

However, some costs can be slightly offset by coordinating with work needed to maintain the properties, e.g. replacing double glazed windows with triple glazing would be marginally more expensive, (the double glazed windows having been budgeted for in the HRA Business Plan). But simply installing triple glazing will not in itself produce a NZC property.

Against this backdrop F&HDC have therefore adopted the following approach to the NZC agenda:

- **'Fabric first'** — ensuring the roof, wall, windows etc. of homes are as energy efficient as possible. This will require coordinating programmes of planned maintenance to link closely with energy conservation work.
- **'Worst first'** — tackle properties with the lowest EPC rating first. However, there may be instances where it is simply not cost effective to carry out work, and a policy will be needed to determine the approach under such circumstances.
- **'Least regrets'** — minimising the likelihood of having to replace work through inadequate coordination of planned maintenance work and/or being an early adopter of new initiatives, e.g. the installation of air source/ground source heat pumps⁷.

Although this document is written for the council's social housing stock⁸, the authority also currently has 11 homes that are used as 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.

⁷ Ground source heat pumps are currently being promoted but their impact on tenant lifestyles is not fully understood.

⁸ F&HDC owned Council Homes

Stock condition survey

This Housing Carbon Reduction Approach has considered the following key factors when agreeing our approach to carbon reduction measures:

- **Current knowledge of the housing stock**
- **Future expectations for social housing**
- **The increasing population of older tenants, along with the expectations and changing needs of current and future tenants.**

The comprehensive survey of the housing stock undertaken in 2021 surveyed approximately 100% of the stock externally and 90% internally.

This document contributes to the significant investment that will be set out in the 2023 HRA Business Plan and annual budget process. Whilst the route to meeting the initial target of all stock achieving a rating of EPC 'C' by 2030, is relatively straight forward and can be costed, the journey beyond 2030 to achieve NZC by 2050 is far from clear with new technologies, government grant and direction needed to fulfil our commitment.

For new council homes, it will mean building to at least an EPC of 'A' whilst ensuring the properties are 'Net Carbon Ready'; for example, when domestic electricity generation is derived wholly from renewable sources.

A detailed programme has been developed to achieve the initial 2030 target. The plan will need to be reviewed annually as a future direction becomes clearer.



Corporate Ambitions and Asset Management Objectives

The F&HDC Corporate Action Plan is built on four service ambitions: Positive Community Leadership, A Thriving Environment, A Vibrant Economy and Quality Homes and Infrastructure.

All these service ambitions have relevance to the Housing Carbon Reduction Approach. Additionally, the plan proposes six guiding principles which are relevant in all we do as an authority and how we approach the delivery of our service ambitions. One of the guiding principles is a Greener Folkestone & Hythe.

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

The Carbon Reduction Approach document provides direction for the 30-year HRA Business Plan and contributes to the council's four strategic objectives in the following way:

Corporate ambition	Housing Carbon Reduction Approach link
1 Positive Community Leadership	Investing in its existing and new social housing stock, supporting the council's Climate Emergency declaration, demonstrating positive leadership across the District and region.
2 A thriving environment	A multimillion-pound investment in the housing stock and tenant lifestyle, will reduce carbon emissions, improving skills and the capacity of the district.
3 A vibrant economy	The cost of delivering the NZC agenda will require new significant investment, developing capability within the district to deliver the necessary work, contributing significantly to the circular economy.
4 Quality homes and infrastructure	Creating warmer, easier to heat homes will benefit tenants and neighbourhoods, making homes and the environment more attractive, contributing significantly to the physical and mental wellbeing of its tenants.

Achieving net zero carbon – Retrofitting existing housing stock

The F&HDC Net zero Toolkit (part 3) is focused on retrofitting the council's existing housing stock. It seeks to communicate the importance of retrofit, the benefits of retrofit and provides guidance on how to undertake this, which we hope will be useful for residents and building professionals alike.

A sister toolkit has been created for the new buildings in Folkestone and Hythe [Net zero Toolkit-WS2-New Build].

The F&HDC housing stock accounts for only 7% of the total housing in the district, with housing associations 3%, private rented 17% and the remaining 73% are owner-occupied. Therefore, reducing the carbon emissions of the private sector will have the biggest impact on the district's carbon footprint.

Private Sector Housing – Domestic Retrofit programmes

The council's Private Sector Housing Team has an ongoing partnership with the Greater Southeast net zero Hub, (formerly the South East Energy Hub), and their approved contractor Warm Works. This initiative aims to improve the energy efficiency of private sector homes in the district which are occupied by low-income households who are struggling to cover their heating and energy use costs. The scheme, known as the Local Authority Delivery Scheme (LADS), is delivered using money provided by the Department for Business, Energy, and Industrial Strategy.

The programme provides grant funding to homeowners and landlords to help them improve the energy efficiency of their properties. The scheme focuses on the properties in the district with EPC E, F or G. Private landlords are required to make a financial contribution toward the cost of any works completed.

The council is working with its partners to identify potential private properties in the district, using information held about households in receipt of benefits and also property condition data for the district.

The council's Private Sector Housing Team has an ongoing partnership with the Greater Southeast Net Zero Hub, (formerly the South East Energy Hub- the HUB), and their approved current contractor Warm Works. The HUB is the Government's preferred programme delivery partner for retrofit activity across the South East.

The initiatives delivered by the HUB aim to improve the energy efficiency of private sector homes in the district which are occupied by low-income households who are struggling to cover their heating and energy use costs. The schemes, known as the Local Authority Delivery Scheme (LADS) and the Home Upgrade Grant (HUG), are delivered using money provided to the HUB by the Central Government. The programme provides grant funding to homeowners and landlords to help them improve the energy efficiency of their properties. The schemes focus on the properties in the district with EPC ratings of E, F or G. Private landlords are required to make a financial contribution toward the cost of any works completed.

The council is working with its partners to identify potential private properties in the district, using information held about households in receipt of benefits and also property condition data for the district.

Phase 3 of the LADS and HUG 1 are due to complete by Spring 2023 with approximately 60 homes in the district due to receive retrofit measures to improve their energy efficiency. The schemes provide Zero Carbon retrofit measures such as air source heat pumps and insulation, rather than the more traditional measures installed during the previous phase. The programme has unfortunately been delayed due to installer capacity issues within the market. The HUB are currently finalising their LADS and HUG programmes for 2023/24.

The Private Sector Housing Team also provide direct assistance to vulnerable low-income homeowners who urgently require a new boiler system in their home, but who do not have sufficient funding or savings to complete the work. The initiative allows these households to access a repayable grant to cover the cost of the works. The team also provide general home energy advice where required to households and landlords across the district.

The Private Sector Housing Team also provide direct assistance to vulnerable low-income homeowners who urgently require a new boiler system in their home, but who do not have sufficient funding or savings to complete the work. The initiative allows these households to access a repayable grant to cover the cost of the works. The team also provide general home energy advice where required to households and landlords across the district.

Council managed stock – current EPC ratings

Moving towards NZC will be complex and reliant on technologies yet to be discovered or commercially available. Future technologies may have

life-cycle costs that are more expensive than current arrangements with the additional cost to be factored into future budgets.

This is not a time for F&HDC to be overly cautious towards progressing the NZC agenda, therefore we have made the decision to improve the fabric of our stock as a first step.

Future homes will need to meet both the NZC agenda and the needs of our tenants. How this will be achieved will need careful design and implementation. For example, replacing a gas boiler with a heat pump will produce less carbon but would currently incur higher running costs. This therefore needs to be offset with increased thermal insulation and the installation of 'Photo Voltaic' (PV) panels to produce electricity.

Technical solutions, such as improved insulation, are only part of the NZC journey. Actively working to adjust the routine behaviours we have all developed over many years will be critical and more complex to bring about the change. Likewise, expectations of tenants, staff and contractors will need to be managed over time. This will mean the housing service working with tenants to not only help them adapt their lifestyle to living in low carbon homes, but also their approaches to recycling, embracing a 'greener' way of living and communicating digitally with us. This is all part of the NZC in use journey.

In designing contracts there needs to be a deep understanding of the materials specified and their complete carbon cycle including manufacture, delivery, installation and cost in use along with the embedded carbon at the end of a product's life cycle.

These factors need to be understood, measured evaluated and factored into the approach to all future projects. In improving the EPC rating of

the housing portfolio, it would be remiss if the carbon released through the delivery programme were not considered as part of the schemes' carbon life-cycle assessment.

Considerations in specifying contracts should include 'replace or repair' strategies; timber or uPVC and the use of recycled materials.

With achieving full NZC⁹ being dependent on changes to the national energy infrastructure, individual strategies will be needed for the different property types and locations using the guiding principles of 'fabric first, worst first and least regrets'.

Whilst focusing on improving the thermal insulation of homes is the primary focus for F&HDC's housing service, it will not be to the exclusion of other opportunities. When replacing existing infrastructure¹⁰, the opportunity will be taken to explore broader and far-reaching remote monitoring applications e.g. remote monitoring systems that will no longer need an engineer to travel to site, working with tenants to help diagnose repairs remotely using smartphones, video-conferencing and the use of equipment that diagnoses and self-reports faults, will all need to be considered.

Also, remote door locking, (hotel style), that can do away with conventional locks and the paraphernalia associated with key management and lost keys. Such technology can not only make life easier for tenants and F&HDC, whilst reducing the carbon footprint of maintenance staff, it can also aid the safety and security of our tenants.

⁹ The assumption is made that the housing stock will not move off grid and become totally reliant on renewables.

¹⁰ E.g. Life Line / Telecare services

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 EPC's ranging from 'E' to 'C' and will not only be costly to run they will also have high carbon emissions.

Across the council's property holdings the HRA Independent Living housing schemes are some of the highest consumers of gas. However, the schemes generally have an EPC rating of 'C', with individual flats ranging from 'E' to 'B'. So, whilst the Independent Living schemes are some of the council's worst emitters of carbon, they appear to be relatively efficient in terms of EPC rating. Therefore, improved energy use in the Independent Living schemes will be addressed as part of a planned remodelling programme, which may include upgrading insulation etc. This will be closely managed concurrently with the retrofit programme and will focus on improving the worst EPC rated individual properties first.

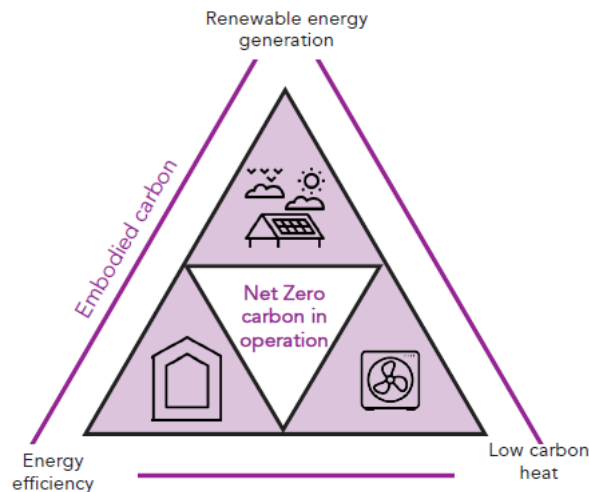


Retrofit principles

Retrofit and the hierarchal approach

Retrofit refers to the upgrading of the home to mitigate against climate change, while ensuring that the dwelling is well adapted to the changing climate. For a retrofit to be net zero compliant, the following hierarchy should be followed in addition to having alternative heating to a gas or oil boiler.

- **Energy efficiency** — buildings use energy for heating, hot water, ventilation, lighting, cooking and appliances. The efficient use of energy reduces carbon emissions and running costs.
- **Low carbon heat** — existing buildings need to transition away from gas and oil as soon as possible. Heat pumps offer an excellent way of transitioning to electric heating whilst reducing the electrical load on the grid as they are up to three times as efficient at turning electricity into heat.
- **Renewable energy generation** — renewable energy should be generated on-site. The roofs of existing homes should be utilised for PV panels where possible, to support the increased demand for renewable energy.
- **Embodied carbon** refers to the greenhouse gas emissions associated with the: manufacture, transport and construction, (the upfront carbon); repair, maintenance and replacement, (the 'in use' carbon); and the deconstruction and disposal, (the end-of-life carbon).



PAS (Publicly Available Specification) 2035, is the UK's first retrofit standard for a 'whole house' or 'whole building' retrofit. It is concerned with assessing domestic dwellings for energy retrofit. This involves identifying areas where improvements can be made and specifying and designing the relevant improvement measures. It is also concerned with the monitoring of domestic retrofit projects. F&HDC are following the principles of PAS2035 in all our planned retrofit works.

'Fabric First'

As previously mentioned, NZC works will be coordinated with the planned maintenance programme which operates on a 'just in time' basis and work plans will be driven by this programme e.g. when replacing windows they will be up-rated, ideally with external wall insulation being carried out at the same time¹¹.

¹¹ The detailing of window design and positioning in the wall will be essential.

The net zero carbon tool kit that is used as industry good practice by the design guild will be used by F&HDC.

'Least regrets'

A key theme of the Housing Asset Management Strategy¹², is that work is carried out with a 'fabric first' approach. This means additional insulation would be installed where the need has been identified to achieve carbon reduction targets. However, it may not always be possible to carry out all the work needed at the same time, i.e. insulation, new windows and alternative heating. Therefore, we would take the 'least regrets' approach which in this example would mean that the window replacement programme would determine when the external wall insulation would take place and not vice versa or as separate pieces of work. Working in this way ensures that we will not have to 'unpick' any previous work to meet the NZC target.

'Worst First'

As a business, the HRA needs to ensure it is investing appropriately, so an appraisal model will be implemented that assesses the cost of work against the income received for the property to ensure a break even over 5 years¹³. If the 'fabric first' approach does not achieve a minimum of EPC 'C' then mechanical options will be considered.

F&HDC are committed to ensuring that we meet the needs of tenants and continue to provide affordable, safe, secure well managed homes that people want to live in. Whilst our aim remains to increase the current

¹² The primary document in the library of technical housing strategies

¹³ Average rent £150/week. Estimated cost of EPC C work £8000

affordable housing portfolio, we may need to consider a pragmatic approach to those properties where it is uneconomical to retrofit.

However, where it is uneconomic to retrofit properties to meet the zero-carbon agenda, consideration will be given to their disposal. 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 targets.

Therefore, properties that fall outside of this model will be referred to an Investment Panel for approval to spend on retrofitting or disposal¹⁴.

Significant thought and knowledge need to be focused on the detailed design for retrofitting, ensuring future proofing for each property type is comprehensive and deliverable reducing the possibility of future abortive work.

The delivery process needs to be understood to ensure what is required is 'buildable' and can be maintained. Stringent quality control is essential to ensure the specified outcome is delivered. This will include training and guidance for tenants and maintenance operatives who will live and work with the finished product.

As with all asset work the tenants' needs have to be understood and built into the council's approach to de-carbonation from the outset. Replacing a gas boiler with a heat pump will reduce carbon emissions but will also

¹⁴ Corporate officer panel, led by the Director of Housing and Operations that reviews all major commercial decisions and matters that do not comply with agreed strategies.

reduce the immediate heat response that a gas boiler provides. On its own, (without the use of supplementary renewables), a heat pump will also increase the energy costs to the tenants and potentially life cycle costs for the HRA, which is something we do not want to do.

Housing Operations helping to reduce energy usage

F&HDC have an agile working policy and wherever possible we will look to ask our contractors and suppliers to avoid making unnecessary journeys to sites and try to resolve issues remotely where possible.

We will:

- Train staff to take action on energy performance in communal spaces across the property portfolio, targeting key buildings which will save money on communal energy bills.
- Although the council is part of a collective procurement arrangement for energy, the Housing service will endeavour to purchase green electricity where possible.
- Provide energy efficiency advice for all new and existing tenants to ensure they use the equipment in their homes efficiently and have appropriate energy tariffs.

It would be beneficial to carry out a CO2 heat mapping exercise to identify the most carbon-intensive categories of spend and suppliers and collaborate with partners to implement carbon reduction plans.



Over the coming years Smart Technology will become a key part of enabling staff and tenants to communicate and monitor their energy usage.

To improve the management of energy in our Independent Living housing schemes, as this 18% of our stock has a high carbon emissions footprint, equipment will be installed to improve the control of energy. This will include smart metering, to enable tenants to monitor their own energy consumptions, as well as that being used in communal areas. This is particularly important as service charges become more detailed and specific.

Achieving net zero carbon – new build homes

F&HDC's Healthier Housing Strategy reflects the major and integral role that housing plays in promoting health and wellbeing. There are clear arguments and evidence to suggest that improving housing conditions significantly improves health outcomes for people. Housing and housing related factors are known to influence physical health, mental health and general wellbeing.

The council works closely with its local partners to maximise the delivery of high quality, affordable and sustainable homes in the district, taking a direct role in the delivery of new affordable homes for rent and low-cost homeownership, through its HRA new build and acquisition programme currently up to 2026.

There have been recent amendments to Building Regulations, (part L) about fuel and power, and (part F) about ventilation, that mean that planners are looking for a higher energy efficiency specification, as well as a new Approved Document to mitigate the risk of overheating in new homes. These changes, along with rising build costs, make new build more expensive for the HRA.

So as a housing service we want to ensure we do everything we can to facilitate Partners to build new affordable homes that are as energy efficient and environmentally friendly as possible over the coming years.

As a responsible housing provider, F&HDC has robust processes in place to ensure compliance with all housing legislation.

The Department for Levelling Up, Housing and Communities, (DLUHC), have announced major Building Regulations changes, one of which is that new homes in England will have to produce around 30% less carbon emissions, and other new buildings such as offices and shops will have to cut emissions by 27%.

A new technical specification was also confirmed in the government's response to the Future Buildings Standard consultation, which will be consulted on in 2023, with the necessary legislation introduced in 2024, ahead of implementation in 2025.

So, there is a great deal that can and will, be done to ensure that the new homes built by the HRA will be 'NZC ready' to accommodate future carbon reduction initiatives. Where existing homes and schemes are refurbished, similar principles will be aspired to as far as possible.

The council's net zero Toolkit includes a 60 page section on New Buildings. The Toolkit is aimed at developers (small and large), architects, consultants and planning officers.

It communicates how new developments that are consistent with climate change objectives can be designed and constructed. It covers both domestic and non-domestic developments and includes practical advice and metrics for those wishing to meet higher standards. It also includes cost information to show how this could be achieved in a phased and affordable way.

The council's ambitious new build target includes those affordable homes acquired by the Housing service at Otterpool Park, acquisitions and s106

contributions from private housing developments¹⁵.

With the cost of achieving NZC via retrofitting existing homes, three to five times higher than for building to the standards from new, it is important to ensure that any new homes that are built or acquired are as far as possible NZC ready¹⁶.

Where the council purchases homes, including through Section 106 agreements, it will have less choice and control over the layout, and 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 'NZC in use', will be part of the overall viability assessment.

Where this cannot be met, approval to proceed will be obtained through the Investment Panel¹⁷. In practical terms this is likely to mean new homes being built to EPC 'A' with the building being ready to accommodate further carbon reduction measures when they are available.

With the increased emphasis on reducing carbon emissions and with government support, off-site construction, (also referred to as Modern Methods of Construction (MMC¹⁸)), will feature significantly in the New Homes Development Strategy. However, what can be built on a site is

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.

16 Full NZC will need changes to the national energy infrastructure

17 Terms of reference to be developed.

18 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

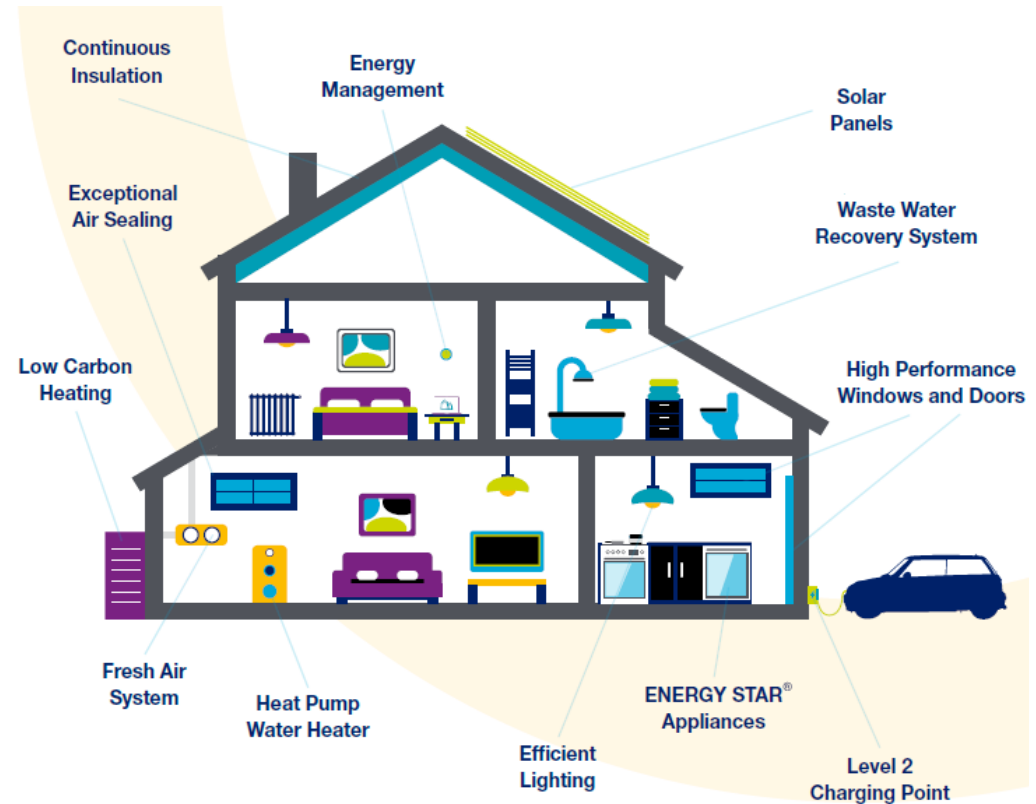
dependent on many factors and this method of construction will not be suitable for all locations.

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

As with retrofitting existing homes, the same intimate understanding of detail design and construction will be essential in the homes the HRA builds, as well as those it purchases.

Currently the HRA development programme is focused on acquiring new affordable homes by appraising the feasibility for existing sites, pursuing S106 and former right to buy properties and ensuring that we work with and support our Partners, such as Housing Associations to build more energy efficient, affordable homes in the district.

A ‘Soft Landings’¹⁹ approach will also be introduced which requires the team to be fully aware of the project’s success criteria. It also ensures those responsible 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.



Other Assets

The HRA is responsible for the maintenance of a number of other properties including some commercial premises. The general principle will be for all properties directly managed by the HRA to move towards our energy efficiency targets by 2030 and 2050 wherever possible.

¹⁹ Soft Landings – a strategy to ensure transition from construction to occupation is as smooth as possible.

General approaches to reducing carbon emissions

The delivery of the NZC programme will create significant reduction in carbon emissions. The following are examples to be considered when specifying work and assessing tenders, and applies to new build and retrofit projects:

- Where possible all construction sites to be powered from the National Grid, reducing the use of diesel generators.
- Explore the use of solar and other renewable energy sources on major construction sites.
- Incorporate enhanced energy efficiency measures into site welfare cabins.
- Incorporate measurable environmental requirements into specifications and provide environmental training to subcontractors.
- Implement a Building Management System capturing before and after data.
- Contractors will be required to demonstrate the same level of commitment to environmental sustainability as F&HDC e.g. ensuring waste is minimised and where possible, recycled, providing environmental benefits and reducing the cost of waste disposal.
- Ensure that all tenders assess the suppliers' carbon credentials and move the cost-carbon balance in favour of low carbon solutions.
 - In evaluating tenders, consideration of the contractors' approach to carbon reduction over the life of the contract.

- Incorporating decarbonisation and broader environmental requirements in contract and specification documents, such as measurement and reporting of carbon emissions, carbon targets to be achieved and environmental innovation and process
- Developing and providing training for the procurement and contract management teams to support their engagement with suppliers on the net zero carbon journey.
- Communicating the strategy for decarbonisation with partners through literature, workshops and dialogue, and request that our partners share their net zero carbon commitments and progress with us.

Wider carbon reduction initiatives

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

In improving efficiency and tenant satisfaction, building new homes and retrofitting existing homes, we will adopt a Building Information Management (BIM) system approach.

The council will look to maximise government grant funding for carbon reduction initiatives which may present opportunities for joint bidding.

We will consider lifetime running costs and carbon emissions, for example solar energy which could in turn create income. The council will promote active travel to new and existing tenants as part of all new developments.

Active Behavioural Change

It is important that our tenants, leaseholders, communities and stakeholders join us on our carbon reduction journey.

There are already many things that individuals and organisations can change to help reduce their carbon footprint.

Measures to reduce the operating carbon footprint of the council's own estate and operations across the wider district and to adapt service delivery to address the impacts of extreme weather events, will have the potential to significantly reduce financial risk and generate very real savings to the public finances in the future as well as delivering on corporate responsibilities to the environment and to our communities.

F&HDC will also be critical in playing an active role influencing behaviours through engagement with the local community to raise awareness of the need to respond to the Climate Emergency and to encourage commitment and ownership of the challenge.

At F&HDC we are further developing our Agile Working policy for staff. The implementation of more agile working practices during the national pandemic have allowed us to consolidate office space and reduce travel as below:

- Continuing to explore options to help colleagues minimise travel, particularly through the use of digital means.
- Developing smart scheduling to reduce travel to residents' properties.
- Encouraging the use of sustainable transport alternatives and accelerate the roll-out of our EV charge point infrastructure.

To become a 'carbon neutral' council, we believe that there are six main areas of work which will form the basis of actions required, as set out in the diagram:



It is worth noting that some areas of action are related to the council's role in influencing behaviours, which will of course make a positive contribution to the district's overall emissions.




In the case of those living in council managed homes, working together to actively change traditional lifestyles and behaviours is vital to ensuring the success of the housing service's initiatives designed to significantly reduce our carbon footprint over the coming years.

Focusing on continuous improvement in carbon performance in our homes and the role of tenants in delivering and monitoring improvements with us is a crucial part of this Carbon Reduction Approach.

Heat pumps

Low carbon heating and cooling is critical for achieving net zero. NZC buildings should not burn fossil fuels for energy, this is fundamental in meeting carbon reduction targets. Low carbon alternatives that are available now include heat pumps and direct electric active systems.

What are the different types of heat pumps?

Heat Pump	Space heating?	Domestic hot water?	Description
Monoblock or split (air source) heat pump 	✓	✓	This heat pump is highly efficient and works with radiators, underfloor heating and domestic hot water generation. These heat pumps require space for indoor and/or outdoor units.
Exhaust air heat pump 	✓ Provides some level of heating by heating air that is circulated through the home	✓	An exhaust air heat pump (compact unit) combined a heat pump and a MVHR. Some products can only meet the heat demand in smaller dwellings and/or dwellings with a space heating demand <15kWh/m ² /year.
Integrated domestic hot water heat pump 	✗ Heating must be provided by direct electric (DE)	✓	This is a heat pump integrated into a hot water store (i.e. hot water heat pump). They require space for a hot water store. Heating is delivered through direct electric panel radiators.

Electricity can be met through on-site renewables and through grid electricity, which is becoming increasingly decarbonised.

Heat pumps are the most efficient way to deliver heating and cooling. Heat pumps use refrigerant to efficiently move heat from one place (outside the building) to another (inside the building). They can source heat or dump heat (depending on whether they are in heating or cooling mode) to the outside air, the ground, or a water source. Heat pumps can provide space heating, cooling and hot water and can serve individual buildings or communal networks.

The key benefit of heat pumps is how little energy they use to meet a heating or cooling demand, this is measured by their efficiency. Efficiencies vary but are typically around 250-300% for an Air Source Heat Pump, meaning that for every 1kWh of electricity they use, they produce 2.5-3kWh of heating or cooling energy.

Ground Source Heat Pumps

Ground source heat pump district heating networks are perfect for some social housing schemes, as they can replace old district or communal heating systems and can offer tenants significant savings on fuel bills, whilst keeping homes warm and contributing to reduction of carbon emissions.

In such heating schemes, a ground source heat pump can be installed into each home, providing heat and hot water at the point of use. By connecting individual heat pumps through Shared Ground Loop Arrays, each household can have independent energy bills, heating and hot water. The decentralised approach prevents issues such as heat loss through

the distribution pipework and overheating – a common problem for traditional residential district heating systems.

Close-knit social housing communities can use Shared Ground Loop Array systems for quicker installations and reduced groundwork costs by sharing smaller numbers of deeper boreholes. Using the drilling equipment whilst on site means projects can save on multiple mobilisation costs compared to disparate projects.

Ground source heating technology is an area that F&HDC are keen to investigate as it may be more suitable for some of our stock, especially our Independent Living schemes, in the future.



Airtight and moisture reduction

When retrofitting existing buildings, a few key principles must be followed to avoid exacerbating or introducing moisture problems.

The risks of retrofit can be overcome with sensible design and well executed construction. Some key rules are:

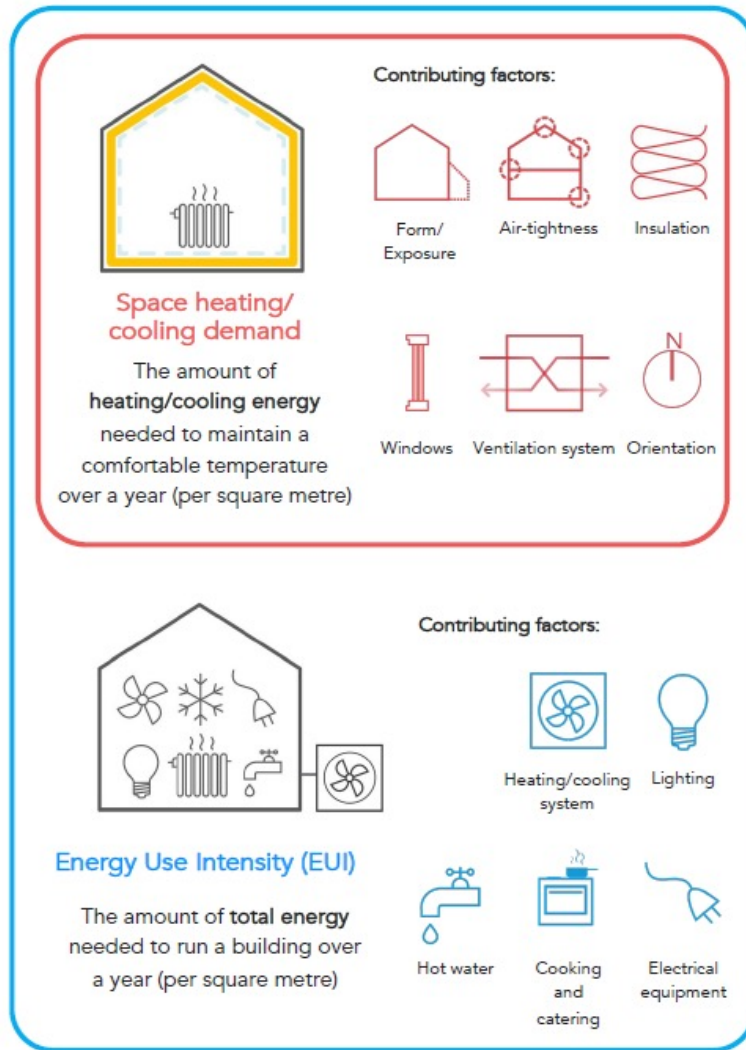
- More insulation needs ventilation. As you add insulation you are also likely to increase airtightness. This means less air moving through the building. This can be countered with opening windows and extractor fans, but ideally by fitting a whole-house ventilation system.
- External insulation is a better option in most cases. However, if internal insulation cannot be avoided, vapour open insulation, (such as wood fibre), can be used this reduces the risk of condensation.

Overheating

Climate change is already bringing warmer summers with more extreme temperature highs. With this, alongside keeping warm in winter, overheating in the summer is becoming an increasing threat to occupants' health and wellbeing particularly for vulnerable people.

For this reason, the F&HDC NZC Toolkit recommends that all new build projects should prioritise natural methods of reducing overheating over energy-intensive technology like air conditioning. The first step is to use exterior solar shading to limit the amount of direct sunlight that enters the building. The second step is to promote natural cross ventilation to increase air circulation thereby naturally cool a building. In new

buildings other measures such as ‘Green’ walls and roofs, trees, and the landscaping will assist to keep the temperature in the immediate vicinity lower and aid in cooling our homes, but they should not be depended on.



Ventilation

However, when we do come to retrofit energy efficiency measures into existing council managed homes, we will be largely reliant on working closely with residents to ensure they play their part in making sure the energy efficiency measures work as well as they should.

For example, windows – there is a myth that ‘sealing up’ a building to increase thermal efficiency means you can no longer open the windows. Buildings can have a Mechanical Ventilation with Heat Recovery (MVHR) unit installed. The benefit of an MVHR is that you do not have to open windows in winter for fresh air, losing heat. Residents can open windows and use the buildings normally and trust that the controls will ensure the correct temperature level is maintained. Once a system has been properly commissioned, the controls should not need adjusting. A common issue is a lack of understanding or trust that the unit is working correctly, or a user turning off the MVHR and then it underperforms. If suitable ventilation is installed alongside a heat pump, although the heating may not appear to be as instant as it may have been previously when using a gas boiler with a thermostatic control unit, the system will be set up to keep the home at a steady temperature, however the weather fluctuates.

Carbon offsets

Until the National Grid can announce that it is NZC, organisations cannot achieve full NZC for their buildings, whether new or retrofitted.

Carbon offsets can help organisations reduce greenhouse gas (GHG) emissions beyond what can be achieved through individual action.

Carbon offsets ‘credits’ can be ‘purchased’ to fund projects and diminish the impact of their GHG emissions, even though the projects are located elsewhere. Carbon Offsets can be environmental and economically viable for projects where it is impossible to reduce emissions, providing funds that reduce emissions elsewhere and in so doing contributing to the overall reduction in CO2 globally.

F&HDC approach to offsetting

In the F&HDC NZC Toolkit the council set our key principles around how we will go about making the necessary carbon reductions in existing and new buildings: -

The council recommends that targets should be measured in energy consumption, not carbon emissions. Buildings should meet the energy performance Key Performance Indicators (KPIs), such as EPC.

For new build, there should be no fossil fuel combustion or connection to the gas network after 2030. All new buildings should be built in line with low embodied carbon targets.

Carbon offsetting — should not be used as a mechanism for achieving compliance for new build.

Whilst F&HDC recognise the value of carbon offsetting for private individuals and organisations, we maintain that carbon offsetting should be reserved for the hardest to treat sectors.

Carbon offsetting will not be used on retrofitting energy efficiency measures in existing council managed stock.

Involving Tenants and Stakeholders



As well as working closely with council tenants who are undergoing retrofit measures to increase their home’s energy efficiency, we will also work strategically with residents and stakeholders to scrutinise the delivery of standards, strategies and policies that affect them.

We are dedicated to the commitments within the Tenant Engagement Strategy ‘**Hearing our Tenants’ Voice 2021-2024**’ in which we set out

ways that we will improve access, support a tenant engagement culture, value diversity and inclusion, and be open, honest and respectful of residents.

Co-regulation is a key element of the housing services vision to ensure that tenants are ‘at the heart of everything we do’, and it is a legislative requirement of the Regulator of Social Housing. Tenants are, and will increasingly be, involved in shaping service decisions and helping us deliver service improvement.

It is very important that we communicate and engage effectively with all tenants, including those that are working with us on our formal engagement structures and living in the homes being retrofitted, to achieve our aspiration for NZC ‘in use’. The mechanisms for our communication and engagement are outlined in the Tenant Engagement Strategy.

One of the declared objectives of the Housing service is that it is ‘easy to do business with’. In this context the preferred method of communication with tenants will progressively 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. However, where practical, each tenant will be given a choice over how they receive communication, and every effort will be made to ensure digital inclusion.

Councillors will be kept informed of all major works programmes through the annual capital programme and specifically when a contract starts in their ward.

Tenants will be involved in the NZC work programme and when work is scheduled for completion to their home. During major capital schemes, tenants will be supported by a dedicated Resident Liaison Specialist.

Creating ‘ownership’ of communal areas in some blocks is often difficult. Whilst the council housing service is of course responsible for all cleaning and maintenance of communal areas, monitoring how the energy efficient measures are working for tenants in communal areas may be more of a challenge. Where there is interest, a ‘responsible tenant’ programme can 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 in the future. The payment of out-of-pocket expenses may be considered through the ongoing development of the Tenant Engagement Strategy.

Delivery

The commitments of this Carbon Reduction Approach document have been incorporated into the Housing Asset Management action plan that will help to deliver the required outcomes. Progress is monitored quarterly by the Housing Leadership Team and reported to the Corporate Leadership Team through the Housing Service Plan. This document 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, service plans of other directorates. Critically, it is the basis for budgets which 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 housing database will be at the heart of planning, recording and the delivery programme.



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

Risk Management

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.

Keeping Data up to date

The information on the housing stock is stored in the housing management database and is up to date in 2022, after the stock survey was completed. Having invested in this comprehensive survey it is important that the information is kept up to date when the following happens:

- If there are any major changes to a building's elements, e.g. new windows are installed, adaptations undertaken, room numbers change.
- If work is carried out at change of tenancy e.g. additional insulation installed.

Impact

Services will be transparent and accountable. Performance and works programmes will be published. Further opportunities will be developed for tenants to be involved in commissioning services to their homes.

The effectiveness of the work undertaken in terms of cost and resident satisfaction will be benchmarked through relevant housing benchmarking

organisations, where the expectation will be to achieve excellent performance by 2025 in the following key areas:

- **Tenant satisfaction with the overall housing service**
- **Tenant ability to influence the service**
- **Value for money**
- **Progress towards achieving EPC 'C' by 2030**

The Digital Agenda

Being digitally enabled is part of the vision for the housing service. This approach is underpinned by the housing database that holds stock condition information. The use and maintenance of this database is critical in capturing details of new build homes, existing and future NZC work, for future asset management decisions and aiding future bids for grant funding.

Equality & Diversity

The council recognises and values that individuals and communities may have specific needs which may require flexible approaches. We also appreciate that some groups or individuals may experience discrimination and disadvantage. This may be due to protected characteristics under the Equality Act 2010. We believe that everyone should be treated with dignity, respect and fairness, regardless of their characteristics.

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



Definitions

Biodiversity	The variety of plants and, or animals in a particular area
Carbon Offsetting	The compensation for carbon emissions released into the atmosphere with activities that will absorb the equivalent amount of carbon emissions, e.g. tree planting
Climate Change	Climate is the weather of a place over time. Climate change is a shift in those average conditions caused by the rise in greenhouse gases in the atmosphere particularly since the burning of fossil fuels in the industrial revaluation.
Decarbonisation	Eliminating the carbon from an activity, operation or product.
Energy Performance Certificate (EPC)	A rating system to score energy efficiency and energy affordability of a home or building. The highest level is A, the lowest G. The certificate will include recommendations on how to make a building more energy efficient and save money.
Fossil Fuel	Natural fuel such as coal or gas formed from the remains of living organisms millions of years ago. Fossil fuels are NON renewable resources and are harmful to the environment because they release carbon emissions as they burn.
Global warming	Increase in the earth temperature generally due to greenhouse effects caused by the release of GHG and other products into the atmosphere.
Modern Methods of Construction (MMC)	A process for building new homes that focuses on off-site production and offers an alternative to the traditional on site delivery models. With careful planning MMC can produce less waste and less on site time, although not overall project time.
Net zero carbon	A term that refers to the balance between the amounts of carbon emissions released and the amount removed from the atmosphere. Net zero is reached when the amount added is the same as the amount removed.
Photovoltaic	Technology that converts sunlight to electrical energy. Also known as solar PV panels. Used on roofs but increasingly seen in large numbers as 'solar farms'.

Renewable resources	Resources that can be reused such as wind, water, sunlight to produce power.
Section 106 (s106)	Agreements between local authorities and developers to provide affordable homes.
Sustainability	A balance between social economic and environmental needs that ensures the needs of today do not compromise the needs of the future.
Tonnes of CO2 equivalent	The total amount of greenhouse gases emitted, not just CO2, e.g. methane, providing a single figure of emission.
Whole house retrofit 'retrofit'	A complete approach to making homes more energy efficient. Focusing on the buildings fabric of walls, roofs, window and floors as well as ventilation, heating efficiency and cooling in the summer months.

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F&HDC Carbon Reduction Action plan – F&HDC Net Zero Toolkit – Existing Buildings (Part 3 Retrofit)

Net zero carbon toolkit – <https://www.cotswold.gov.uk/environment/climate-action/how-to-achieve-net-zero-carbon-homes/>

Active travel – <https://www.kent.gov.uk/about-the-council/strategies-and-policies/transport-and-highways-policies/active-travel-strategy>

This Report will be made public on 11 April 2023

Report Number **C/22/109**

To: Cabinet
Date: 19 April 2023
Status: Key Decision
Responsible Officer: Ewan Green, Director of Place
Cabinet Member: Cllr David Monk, Leader of the Council

SUBJECT: OTTERPOOL PARK LLP UPDATE AND CONTRACT AWARDS

SUMMARY: This report presents an update on the preparation of the second annual update of the strategic business plan for Otterpool Park Limited Liability Partnership (LLP). The report also provides an update on engagement with Homes England in relation to a potential Collaboration Agreement and seeks agreement for Otterpool Park LLP to enter into 3 contracts which are required to continue to progress delivery of the project.

REASONS FOR RECOMMENDATIONS:

Cabinet will receive the updated business plan for consideration at a future meeting. Cabinet agreement is required in relation to requests to the Council for Otterpool Park LLP to enter into contracts with a value of £250,000 and higher.

RECOMMENDATIONS:

1. To receive and note report C/22/109.
2. To note the update in respect of the proposed collaboration with Homes England.
3. To note the due diligence and financial assessment being carried out in relation to the updated Business Plan submitted by the Board of Otterpool Park Limited Liability Partnership.
4. To note that the updated Business Plan will be subject of a report to the Overview and Scrutiny Committee prior to being presented to Cabinet for decision.
5. To agree that Otterpool Park Limited Liability Partnership enter into contracts as set out in section 4. of this report.

1. BACKGROUND

1.1 Otterpool Park, a new garden town, will be central to shaping a sustainable future for the district. It is recognised as a priority within the Council's Corporate **Plan 2021-30 'Creating Tomorrow Together'** and will make a significant contribution to achieving positive outcomes for:

- Service Ambition 1: Positive community leadership
- Service Ambition 2: A thriving environment
- Service Ambition 3: A vibrant economy
- Service Ambition 4: Quality homes and infrastructure

1.2 Otterpool Park LLP (the LLP) was established in May 2020 with the principal objective of acting as master developer for the delivery of the project. 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 strategic business plan to the council for approval. Within the 5-year period annual updates are also prepared and placed before the council for approval.

1.3 The first strategic business plan was approved by the Cabinet of the Council on 20 January 2021 (refer to: <https://www.folkestone-hythe.gov.uk/moderngov/ieListDocuments.aspx?CId=142&MId=4860&Ver=4>).

The first annual update of the business plan was approved by Cabinet on 26 January 2022 (refer to: <https://www.folkestone-hythe.gov.uk/moderngov/ieListDocuments.aspx?CId=142&MId=4950&Ver=4>).

1.4 The principle of the Council entering into a Collaboration Agreement with Homes England was approved by Cabinet on 20 October 2022. This was on the basis that a further report be received on the details of the proposed collaboration prior to any final decisions on the matter being made (refer to: <https://service.folkestone-hythe.gov.uk/moderngov/ieListDocuments.aspx?CId=142&MId=5134&Ver=4>).

1.5 Otterpool Park LLP has a Procurement Policy in place which meets the operating requirements of an LLP company. The Otterpool Park LLP Members' Agreement requires the approval of the Council, via a Cabinet decision, for the LLP to enter into contracts of a value of £250,000 and higher.

1.6 This report provides an update for Cabinet in respect of a potential collaboration with Homes England and the updated Business Plan. The report also seeks agreement for Otterpool Park LLP to enter into three key contracts which are required to continue the development of the project while the revised business plan is being assessed before being presented to members for approval.

2. HOMES ENGLAND COLLABORATION

- 2.1 The basis of the proposed collaboration is that Homes England would acquire optioned land included in the Otterpool Park project area and make a contribution to the costs of the early infrastructure required.
- 2.2 This significant level of potential investment was seen as a positive proposal which would lessen the overall financial commitment for the Council and accelerate delivery of the project. The investment would de-risk the project's peak debt period, secure land options early, and facilitate delivery of key initial site-wide infrastructure. Homes England would also bring experience and expertise in delivering large scale strategic sites which would further strengthen the overall deliverability of Otterpool Park. Homes England would have then shared in the profits generated proportionate to the size of their contribution.
- 2.3 Homes England are currently undertaking a due diligence review in order to assess collaboration options. The Council has not yet received the outcome from this assessment.

It is recognised that the scale and nature of Otterpool Park as a green field new settlement, will likely require a bespoke approach which may include support to enhance and deliver capacity, along with options for additional investment. The Council has not yet received the outcome from the assessment, however, through ongoing discussions it is considered that the form and level of investment initially proposed, directly from Homes England, through a collaboration agreement, is unlikely to be progressed as Otterpool Park is a viable, long-term profitable scheme and not affected by significant market failure (addressing market failure affecting housing delivery being a key driver for Homes England Intervention). Dialogue will continue with Homes England on the nature of its support for delivery of Otterpool Park.

3. BUSINESS PLAN 2023

- 3.1 The current Otterpool Park LLP Business Plan was agreed by Cabinet on 26 January 2022. This remains relevant and it is appropriate that the LLP continue to deliver the Otterpool Park project on that basis until an updated Business Plan is agreed.
- 3.2 The Otterpool Park LLP Board submitted an updated Business Plan for consideration of the Council on 23 February 2023. Through the updated Business Plan the LLP is seeking agreement of the Council in relation to funding, land acquisition, contract spend and the principle of a joint venture proposal for the town centre element of Otterpool Park
- 3.3 Taking into account the emerging view from Homes England (as set out above) that significant investment is unlikely through a collaboration agreement the LLP Board, through the Business Plan, is requesting that

the Council agree to a significant increase in the borrowing facility made available to the LLP by the council.

- 3.4 The LLP has requested that the Council increase its loan facility by an additional £80M to £199M to cover peak debt requirements. The current agreed level is £119M (consisting of £44m for land acquisition and £75m for working capital). The additional £80M funding request is comprised of £49M for accelerated land acquisitions and £31M for inflationary cost pressures on infrastructure provision.
- 3.5 The increased funding level sought by the LLP will address the project's peak debt period, securing land options as early as possible and facilitate timely delivery of necessary key phase 1 infrastructure of for utilities and the upgrade of Westenhanger Station to accommodate HS1.
- 3.6 The level of funding sought represents a significant undertaking at a scale which has not previously been considered in the Council's Medium Term Financial Strategy (MTFS), nor Medium Term Capital Programme (MTCP). The increase in the loan facility will require consideration of Cabinet and agreement of the Council with relevant associated documents updated accordingly.
- 3.7 Officers are currently undertaking due diligence and a financial assessment of the updated Business Plan (with input from external specialist advisors) including a risk analysis and consideration of alternative funding options which may be available to the Council and / or LLP.

The outcome of this work will be a robust assessment which will support Members' decision making on this matter. It is intended that a report will be considered by the Overview and Scrutiny Committee, Cabinet and Council as soon as practicable.

- 3.8 The Overview and Scrutiny Committee considered a presentation on an initial draft updated Business Plan on 8 November 2022 (refer to: <https://www.folkestone-hythe.gov.uk/moderngov/ieListDocuments.aspx?CId=437&MId=5117&Ver=4>).

That presentation to OSC was based on the proposal that the updated Business Plan would include significant investment from Homes England being agreed. As this position has now changed it is intended that OSC will have opportunity to scrutinise the revised updated Business Plan prior to a report being presented to Cabinet.

4. OTTERPOOL LLP - KEY CONTRACT AWARDS

- 4.1 In order to continue to progress the delivery of Otterpool Park the LLP wishes to enter into contracts for 3 key elements of necessary phase 1 infrastructure:

1. Utilities (Electric, Water and Telecommunications)
2. Westenhanger Station Upgrade - PACE 1

3. Masterplan and Design Code

- 4.2 The value of these awards is each above £250,000 and, in line with the Members' Agreement, the LLP requires approval of Cabinet to enter into these contracts.
- 4.3 The Appendix provides details of the 3 contracts and the procurement undertaken for each one. In summary the LLP is seeking agreement to enter into the following:

Contract	Contractor	Value
Utilities (Electric, Water and Telecommunications)	Networx Utilities	£8,500,000
Westenhanger Station Upgrade - PACE 1	Network Rail Infrastructure Ltd and South East Trains Limited	£1,233,815
Masterplan and Design Code	John Thompson & Partners LLP	£340,000

- 4.4 The contracts are for works that form an integral part of the overall delivery of the Otterpool Park project. They are required to support continued delivery of the Infrastructure Strategy which forms part of the current approved Business Plan (2022-23). The updated Business Plan submitted by the OP LLP Board, which is currently being assessed, includes the delivery of the proposed contracted works. Otterpool Park LLP has requested that the contracts be awarded in April 2023 as they are considered essential to ensuring that the deliverability of the overall project programme is not delayed.
- 4.5 A fully detailed report on the procurement of the 3 contracts has been provided by Otterpool Park LLP. This is summarised in the Appendix to this report.
- 4.6 In relation to the upgrade of Westenhanger station, only Network Rail / South East Trains can undertake PACE 1 as it relates to the railway infrastructure so it was not possible to undertake a competitive procurement exercise. This was accepted and approved by the board of the LLP. The other two contracts have been tendered in line Otterpool LLP Procurement Policy and consequently all the proposed contracts meet the requirements of the Council (as owner of the LLP).
- 4.7 The contract with Networx for the provision of utilities is set in stages and includes break clauses which can be used should there be a need to do so.
- 4.8 Agreement for the LLP to enter into the contracts does not bind the Council into further funding commitments ahead of decisions on the updated Business Plan.

5. RISK MANAGEMENT ISSUES

- 5.1 Strategic risk in relation to Otterpool Park is identified in the Corporate Risk Register (which is regularly reported to Audit and Governance Committee). The main strategic risk and mitigations in place are outlined below:

Perceived Risk	Likelihood	Seriousness	Preventative Action
Failure to deliver Otterpool Park development.	Low / Medium	High	<p>Council decision to agree further funding for the project to ensure control of all major landholdings / options and deliver essential infrastructure.</p> <p>Housebuilder selection process in place to ensure market uptake and delivery of new homes.</p> <p>Stewardship Vehicle established and funding model agreed.</p> <p>LLP Directors appointed with broad range of skills applicable to the project.</p> <p>Legal, Financial and Commercial advisors in place to provide support for the Council and LLP.</p> <p>Strategic Land Agreement and Funding Agreements to be put in place.</p> <p>Ensure adequate Planning resources and access to appropriate specialist advice to ensure Outline Planning Application determined.</p> <p>Governance and Assurance Framework in place.</p> <p>Owner / LLP Board meetings held regularly to monitor progress, finance and risk.</p> <p>Internal Corporate Oversight officers group in place including Statutory Officers.</p>

			Annual refresh of LLP Business Plan to be agreed by the Council.
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5.2 The strategic level risks for Otterpool Park are set out in the Updated Business Plan. A more detailed risk register, to operational level, is managed by the LLP. The strategic level risks are reviewed at the Owners' meetings, between the Council and LLP Board, on a quarterly basis. This is then reflected in the Council's Corporate Risk Register.

6. LEGAL/FINANCIAL AND OTHER POLICY MATTERS

6.1 Legal Officer's Comments (NM)

On the basis that the due process in relation to procurement is being adhered to there are no legal implications arising directly from this report.

6.2 Finance Officer's Comments (LW)

The Council's total capital budget for the Otterpool Park development including expenditure incurred in previous financial years is £119m. The capital budget for the period of the current approved medium-term capital programme from 2022/23 to 2027/28 is £75m. A further report is planned for Cabinet and Council in July 2023 which will consider a request for further capital funding to deliver the development as well as seek approval for the next Business Plan for the LLP. However, the financial commitment for the contracts identified in section four of the report falls within the existing approved Business Plan and can be met from the existing approved capital budget and will form part of the Council's loan funding to the LLP.

6.3 Diversities and Equalities Implications (GE)

There are no equality and diversity issues directly arising from this report.

6.4 Climate Change Implications (OF)

There are no climate implications arising from this report. The report is only presents an update on the strategic business plan for Otterpool Park LLP.

7 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: 07783 659864
 Email: ewan.green@folkestone-hythe.gov.uk

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

Appendix Proposed Contract Awards

APPENDIX Proposed Contract Awards

1. Utilities – design, provision, and operation.

Description.

OPLLP needs to engage a specialist company to design, provide and operate utilities. There are significant lead-in times associated with delivery of new utility infrastructure. Statutory companies need to undertake modelling before costs and timelines can be fixed over the long term. The design, supply, operation, and maintenance of electric, water and telecommunication infrastructure to every property and business within Phase 1 of the project.

Procurement Process.

A full tender process has been undertaken and specialist advisors Stantec have managed this on behalf of the OPLLP. 9 companies were engaged in initial Expression of Interest exercise. Following this, full tenders were received from 4 companies. It should be noted that originally the tender encompassed the whole of the masterplan area, but this was reduced on the advice of OPLLP's consultants to focus on phase 1 only.

Proposed contractor.

Networx Utilities Ltd.

Contract price.

£8,500,000

Reasons for entering into the contract now.

The timescales for new utility connections and supply networks to service Otterpool Park are complex and can take years to plan and deliver. The implication of timely delivery has a direct impact on OPLLP's ability to complete commercial agreements with housebuilders and meet the demand of new housing supply. The benefit of utility provision will ultimately be reflected in the sale price for land.

The contract will have a clause in it where OPLLP will have the ability to pause, delay or not build. This is an extreme event clause. If it is decided not to build then there will be a profit / loss event but minimal compensation will be required to be paid to the contractor. The overall scheme value will however increase with the benefit of having a full design and asset value established.

The initial construction cost of £8.5M will be paid on a phased basis over 14 payments to 2030. This is an initial contract outlay from OPLLP. However, the contractor is required to pay a circa £4.5M to OPLLP from a per unit rebate payment once properties are connected to the utilities. This is factored into the overall financial model for Otterpool Park.

2. PACE 1 - Enhancements of Westenhanger Station

Description

Outline design of Westenhanger Station enhancement - known as PACE 1. When completed, the improvements will provide 12-car platforms, access-for-all with lifts, footbridge, and stairs, waiting shelters and a new station building with ticket selling and other passenger facilities.

Procurement Process.

As the proposed work envisages work to the railway infrastructure only Network Rail and the train operating company - South East Trains can undertake the work. The contract cannot be tendered, therefore. The board of OPLLP has granted a waiver of the procurement rules.

Proposed contractor.

Network Rail Infrastructure Ltd and South East Trains Ltd

Contract price.

£1,233,815

Reasons for entering into the contract now.

The project has already been delayed by three months due to a lack of early engagement by South East Trains Ltd. Network Rail are making their investment decisions in May and so a decision is needed now.

Completion of PACE 1 will enable the next phase - PACE 2: detailed design, to be contracted before the final phase – PACE 3: construction and commissioning, sees the project delivered. The granting of authority to proceed now will facilitate the planned completion of the railway project by December 2027, which will in turn support Otterpool Park LLP's bid to the Department for Transport for the inclusion of a regular High-Speed service at Westenhanger in the Train Service Specification for South East Trains Ltd from the same date.

3. Phase 2 Masterplan and Design Code Commission (Woodland Ridge and Hilltop Character Areas)

Description

The three-tier planning process requires OPLLP to submit a suite of tier two documents for approval by phase before reserved matters applications for individual parcels or projects can be approved. Tier two consists of a masterplan, design code and delivery strategy, along with updates to other site wide strategies including energy, transport, and heritage.

The proposed contract relates to commissioning of the phase 2 masterplan and design code, for the hilltop and woodland ridge character areas (the western part of the site behind Barrow Hill).

Procurement Process

Six teams were invited to tender for this work in February 2023 - in the end two consultants teamed up with others on the list to prepare joint bids (combining

landscape and urban design skills), resulting in four submissions. All teams were interviewed on 16 and 17 March. Bid evaluation was on a 60/40 quality price ratio.

Proposed contractor.

John Thompson & Partners LLP, trading as JTP

Contract price

£340,000

Reasons for entering into the contract now.

The reason for identifying the western part of the site behind Barrow Hill for the next phase of development is that much of the land is owned outright by the Council, therefore does not incur the cost of land purchase.

The urgency to begin this work is because OPLLP has already entered into negotiations with two housebuilders on land in this area. The reason for this is that it is designated for mid and lower density neighbourhoods, well suited to the types of family housing that has a known market locally and is attractive to housebuilders and therefore attracts good land values. This will provide a complementary offer to the higher density phase 1 housing (which may take many years to build out), bringing in a pipeline of sales income that will help cashflow in the early years.

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