



Agenda

Meeting: **Overview and Scrutiny Committee**
Date: **26 September 2023**
Time: **6.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

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

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

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

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

Please note there are 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 5 - 6)**

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

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);

Queries about the agenda? Need a different format?

Contact Jake Hamilton – Tel: 01303 853419
Email: committee@folkestone-hythe.gov.uk or download from our
website
www.folkestone-hythe.gov.uk

c) voluntary announcements of other interests.

3. **Minutes (Pages 7 - 28)**

To consider and approve, as a correct record, the minutes of the meeting held on 26 July 2023.

4. **Minutes of the Finance and Performance Sub-Committee (Pages 29 - 38)**

To consider and approve, as a correct record, the minutes of the meeting held on 06 July 2023.

5. **Cabinet Member updates**

In accordance with the Constitution Councillors, Rich Holgate the Cabinet Member for Place Plan, Heritage, Tourism and District Economy and Polly Blakemore the Cabinet Member for Transport, Regulatory Services and Building Control will be attending the Overview and Scrutiny Committee to provide a general update on decisions made within their portfolio.

6. **Housing Repairs & Maintenance options appraisal (Pages 39 - 60)**

The Housing Repairs and Maintenance (R&M) current contract with Mears Ltd is due to expire 1st April 2025. In addition to the responsive repairs service and planned maintenance i.e. the replacement kitchen and bathrooms capital programme, the contract also covers void repairs and some compliance related services.

This is a crucial customer facing service and the full Options Appraisal will evaluate the risks, benefits, and costs of each considered option. Before the Options Appraisal is completed Members are asked to input into the way forward for this important project and feedback on early recommendations from project consultants Faithorn Farrell Timms (FFT) who have been appointed to provide commercial experience, technical knowledge, and project management skills to support the council through the project stages.

The final report to Cabinet in November 2023 will include recommendations to the council to give the best possible VfM and level of service delivery to our council tenants and leaseholders.

7. **Folca LUF update and Civic Centre Relocation. (Pages 61 - 72)**

This presentation provides an update on the redevelopment proposals for Folca 2. The presentation covers progress to date in relation to Phase 1 and Phase 2, architects commission, design development, business case preparation and overall programme. Committee is asked to provide

feedback in order to inform the direction of the project and future reporting to Cabinet.

8. **Otterpool Park: Strategic Direction, Funding and Delivery. (Pages 73 - 120)**

This report, presentation and appendix cover the outcome of a review of key issues that the Council requires to consider in relation to the strategic direction, funding and delivery of Otterpool Park. The presentation includes detail on delivery and financial risks for the Council and emerging recommendations for Cabinet.

9. **Princes Parade Petitions (Pages 121 - 124)**

This report responds to the 2 petitions referred by Council to Overview & Scrutiny Committee (OSC) to remove the hoarding at Princes Parade, and to abandon the development and rewild the site.

This page is intentionally left blank

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.

This page is intentionally left blank



Minutes

Overview and Scrutiny Committee

Held at: Council Chamber - Civic Centre Folkestone

Date: Tuesday, 27 June 2023

Present: Councillors James Butcher, Bridget Chapman, Laura Davison, David Godfrey, Anita Jones, Elaine Martin, Connor McConville and John Wing

Apologies for Absence

Officers Present: Jake Hamilton (Case Officer (Committee)), Susan Priest (Chief Executive) and Jemma West (Democratic Services Senior Specialist), Rod Lean (Chief Officer – Place & Growth), Matt Rain (OD & Engagement Lead Specialist), Adrian Tofts (Strategy, Policy & Performance Lead Specialist), Olu Fatokun (Low Carbon Senior Specialist), Ola Owolabi (Chief Financial Services Officer).

Others Present: Councillors Stephen Scoffham, Rich Hollgate.

1. Appointment of Chair

Proposed by Councillor McConville,
Seconded by Councillor E Martin; and

RESOLVED:

That Councillor Davison be elected as Chair of the Overview and Scrutiny Committee for the municipal year 23/24.

2. Appointment of Vice-Chair

Proposed by Councillor Jones,
Seconded by Councillor Butcher; and

RESOLVED:

That Councillor Wing be elected as Vice-Chair of the Overview and Scrutiny Committee for the municipal year 2023/24.

(As there was no dissent the nomination was approved by affirmation of the meeting).

3. **Declarations of Interest**

There were no declarations of interest at the meeting.

4. **Appointment of members and election of Chairman to the Finance and Performance Scrutiny Sub Committee**

Proposed by Councillor Davison,
Seconded by Councillor Wing; and

RESOLVED:

1. **That Councillor McConville be elected as Chair of the Finance and Performance Sub-Committee for the municipal year 23/24.**
2. **That the Sub-Committee Members as set out in the agenda pack be appointed for the municipal year 23/24.**

(As there was no dissent the recommendations were approved by affirmation of the meeting).

5. **Minutes**

The minutes of the last Overview and Scrutiny Committee held on 25 April 2023 were submitted, approved as a correct record, and signed by the Chair of the Overview and Scrutiny Committee.

A Member asked for an update on matters raised following the presentation by Southern Water at the previous meeting. It was noted that an update would be sought.

6. **Minutes of the Finance and Performance Sub-Committee**

The minutes of the last Finance and Performance Sub-Committee held on 07 March 2023 were submitted, approved as a correct record, and signed by the Chair of the Overview and Scrutiny Committee.

7. **Cabinet Member updates**

In accordance with the Constitution Councillor Stephen Scoffham, the Cabinet Member for Climate Change, Environment and Biodiversity attended the Overview and Scrutiny Committee to give an update.

He started by informing the committee that he was delighted to talk about the district-wide carbon reduction plan. He referred to the plan as important but difficult to write. He mentioned that 99.6% of carbon emissions that affect the

district are not in-direct control of the council. So, the Council were looking at a policy that requires public cooperation, public behavioural change and cooperation with businesses, local groups.

Councillor Scoffham made the committee aware of two main initiatives that were underway, the Carbon Innovation Lab and the Sustainable Futures and noted the recommendations set out within the report.

Councillor Scoffham added that carbon reduction is an open agenda that involves setting viable targets, that are achievable, working with local communities to maximise gains, and made reference to sustainability hubs across the district where communities could come together.

Members made comments on the following points:

- How can community engagement be initiated?
- The Council's plans to achieve EPC C by 2030 and EPC A by 2050 within the constraints of the Housing Revenue Account.

Councillor Stephen Scoffham, the Cabinet Member for Climate Change, Environment and Biodiversity responded to the comments, and made the following points:

- It was still early days, but options on initiating community engagement included ward members attending events, signposting people to funding, and supporting the public.
- Social wellbeing was part of a bigger agenda, but creating a flourishing community would lead to flourishing environments.

8. **Levelling Up fund delivery**

Members received a presentation on the Council's successful bid to secure a £20m levelling up bid to regenerate Folkstone Town centre called 'Folkestone - a Brighter Future'.

The presentation gave an overview of the Folkestone a Brighter future project and is appended to these minutes.

Members commented on various issues and made points including the following:

- With the project moving at such quick pace, how do the council ensure a diverse community engagement?
- Are there any plans for using disused shops in the high street?
- Are the council engaging with bus companies as there is talks of service cuts?
- The high street is a wind tunnel, are there any thoughts on how to mitigate this?

- Due to the short time frames until the phase one events, will more dates be introduced?
- Are the council looking to reconstitute the Folkestone Town Working Group?
- Are there any penalties if the project could not be delivered by March 2025?
- In the current financial climate, is there a risk of being unable to deliver aspects of the project?
- Is a KCC specialist assigned to the project?
- How many artist partners applied, and will they be focussing on the town or the whole project?
- Are the council looking at any change of road layout around Middleburg Square?
- Are there going to be more pedestrian crossings?

The Chief Officer – Place and Growth responded to the comments, and made point including:

- There are no direct plans for using disused shops, but in-directly it is hoped this will encourage investment and development while raising the profile of Folkestone.
- The Council is engaging with Stagecoach to future proof, so no opportunities are lost. They are looking to work on bus connections with the new linear layout.
- The council will be looking to tackle the wind tunnel with trees, but may have issues with services underground, so are looking at interventions to resolve these issues.
- The council is running the events two weeks longer than KCC's recommendations and will be distributing leaflets.
- Consideration was being given to whether working groups were effective and adding value, but reconstituting the Town Centre Working Group would be considered.
- It was hoped there would be no penalties for not delivering by March 2025. FHDC were ahead of a lot of other authorities.
- A dedicated KCC officer had been assigned to the project, which has been considered in the costing. They will see the project through to the end. A delivery agreement between KCC and FHDC was being finalised which details the roles and responsibilities.
- The Council had five applications from artists for the artistic commission with Creative Folkestone winning the commission.
- There will be changes to the road layout and the project team were looking to minimise traffic speeds and make the scheme pedestrian and cycling friendly with safer crossings.

9. **Folca 2 proposed Works and Civic Centre Relocation**

Members received a presentation on the council's purchase of the old Debenhams (now called Folca) in Folkestone town centre in 2020, the aim was to secure control on a key anchor site within the town centre to ensure the

future use had a positive outcome for the town centre. The building was also used as a key outlet for the vaccination delivery during the pandemic.

The presentation gave an overview of the background and progress to date and is appended to these minutes.

Members commented on various issues and made points including the following:

- There needs to be quite a lot of work done with community engagement.
- Is the full potential of the building being maximised?
- Is the mixed space approach the correct approach?
- Phase two doesn't need to be as rushed, it was more important to take time and ask the community what they want.
- How much scope is there in the phase one budget with future proofing, sustainability, and energy?
- Could the change place toilets be prioritised?
- It would be nice to see the building have uses to benefit the community,
- A mixed council/community space would be positive and become more accessible with the bus connections.
- Can you confirm the time scales for Folca 1?

The Chief Officer – Place and Growth responded to the comments, and made point including:

- The Council is aiming to partially renovate the building as part of the LUF works this includes improvements to the windows, walls and roof creating a watertight shell ready for the next phase of works.
- The Council will be looking at the carbon reduction potential during the partial refurbishment for LUF and also the phase 2 works post LUF
- With regards to the Changing Places Toilet (CPT), there is a deadline for installation as part of the grant allocation. The CPT will therefore be but not necessarily open due to the health and safety issues as part of the wider refurbishment works this will, result in delays to opening the facilities.
- The Council is in dialogue with two GP practices; however this has to go through a process with Integrated Care Board (ICB) which is part of the NHS. ICB are currently looking at the spatial arrangements proposed. The project will also have to go through a council planning process.

Resolved:

- That a further report come back to the Overview and Scrutiny Committee before phase 2 begins.

(The recommendations were agreed by affirmation of the meeting).

10. **Draft District-Wide Carbon Plan**

The Strategy, Policy & Performance Lead Specialist introduced the report which presented the draft District-wide Carbon Plan. Following the comments of the Committee, it is intended to take the draft plan to Cabinet in July to seek approval to hold a public consultation on the plan.

Members commented on various issues and made points including the following:

- Behaviour change was an important factor. What are the outlined plans to work with schools and young people?
- What are the plans for coordinating those actions that are outside of the council's control?
- What is the role of the Carbon Innovation Lab going forward?
- What does the leadership role work in practice?
- Going forward are the council going to do more work in promoting plans, grants, and schemes via social media?
- Members want to increase the number of people using public transport. What influence did the council have in respect of Stagecoach?
- The committee would like to see more events.
- Can schools be more involved? The TEDx-style event was a good idea and could be rolled out to schools. More effort was needed in order to target schools in deprived areas. There were benefits in upskilling, and creating roles such as youth champions could be empowering for young people.
- Available grants and funds needed to be made more accessible and engaging on the council's website.

The Strategy, Policy and Performance Lead Specialist, and the Low Carbon Senior Specialist responded to some of the comments, and made point including the following:

- The Council have contacted a number of schools, and are looking to expand this further.
- Previously, the Climate Working Group had received presentations from school children.
- If members have contacts with schools and are happy to pass them on, the team will follow through with making contact.
- The plan has not developed enough to confirm the plans for coordination actions outside of the council control, but a working group would need oversee and review any plan in the future. It's possible that the Climate change working group could fulfil that function.
- The Carbon Innovation Lab is an informal group that has met regularly to provide input into the plan. The team are looking to continue this input going forward.

Overview and Scrutiny Committee - 27 June 2023

- The results of the consultation would be reported back to the Overview and Scrutiny Committee and at that stage it was hoped there would be more information available.
- The team would work with the council's communications team to see what further communications can be sent out via social media.
- The Council could look at more themed events in the future.
- The Council are currently working with five schools but are looking to expand on this.

RESOLVED:

- To receive and note report OS/23/01
- To note the work on the Carbon Innovation Lab and Sustainable Futures Forum already underway (Sections 2 and 3)
- To comment on the draft District-wide Carbon Plan and proposed approach to public engagement (Section 4)

(The recommendations were agreed by affirmation of the meeting).

This page is intentionally left blank

Overview & Scrutiny Committee 27th June 2023

Levelling Up Project

Folkestone A Brighter Future (FABF)

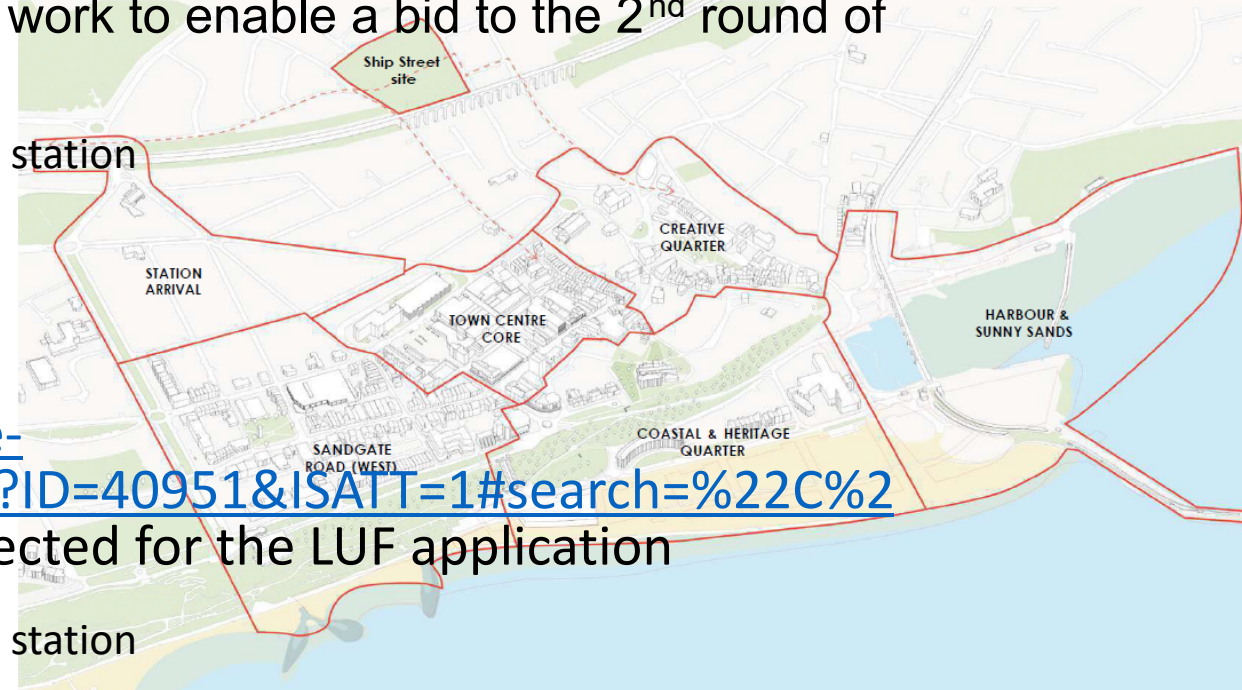
Rod Lean (Chief Officer Place and Growth)

Matt Rain (Organisational Development & Engagement Senior Specialist)

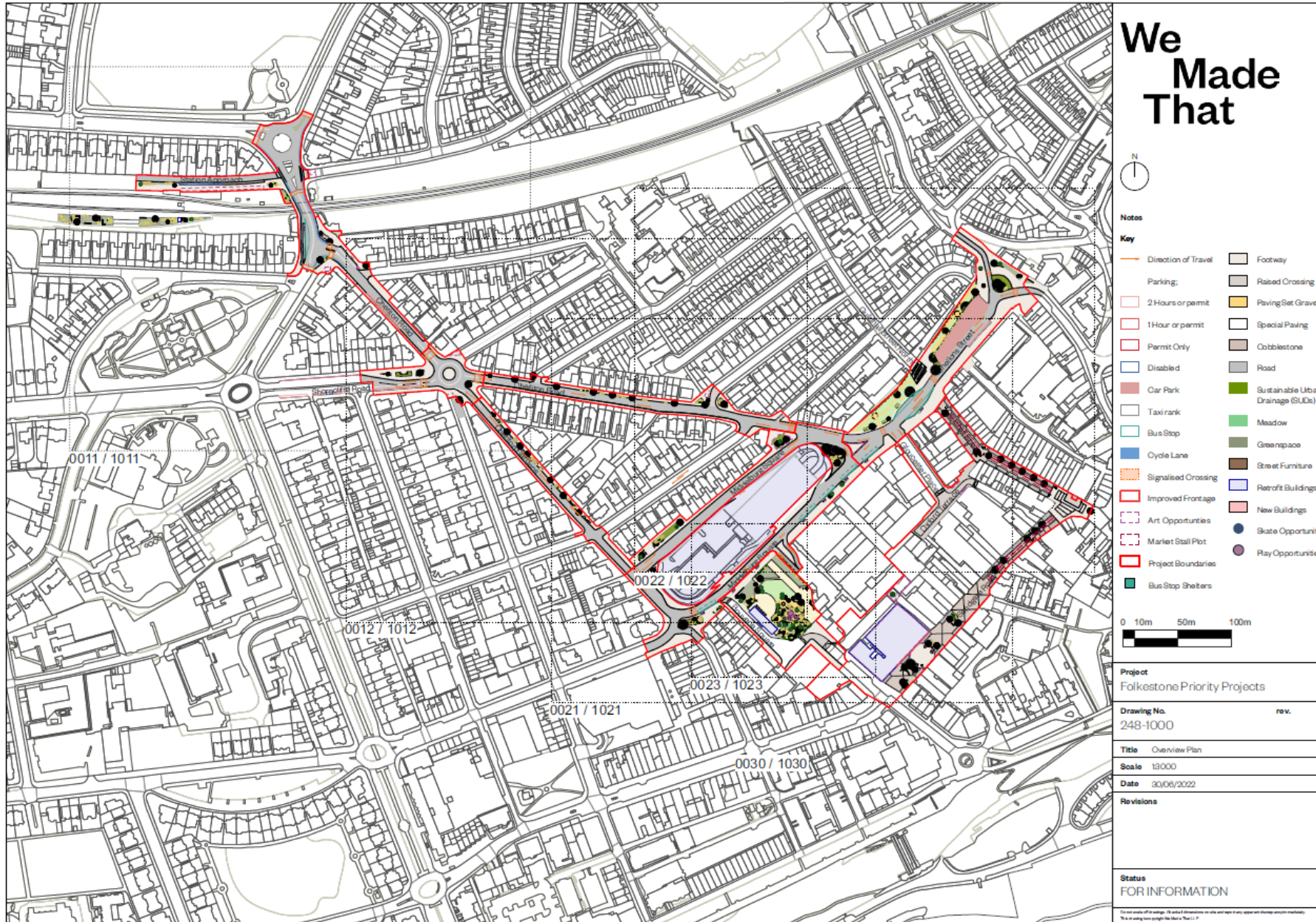
Levelling Up Fund - Overview



- In 2021, a Place Plan for Folkestone Town Centre was developed setting out the ambition for Folkestone Town Centre <https://www.folkestone-hythe.gov.uk/folkestoneplaceplan>
 - Urban Appraisal completed to inform the Place Plan output
 - More than 70 interventions identified
- September '21 Cabinet (C/21/34 <https://folkestone-hythe.moderngov.co.uk/mgConvert2PDF.aspx?ID=38588&ISATT=1#search=%22C%2f21%2f34%22>) approved further development work to enable a bid to the 2nd round of Levelling Up Fund for 6 priority projects
 - Station Arrival and Town Centre Connections
 - Improved Town Centre Gateway – road layout and bus station
 - Folca, Sandgate Road and Town Centre Public Realm
 - F51 Environs and Payer Park
 - Harbour Line and Tram Road
 - Sunny Sands
- June 22 Cabinet (C/22/14 <https://folkestone-hythe.moderngov.co.uk/mgConvert2PDF.aspx?ID=40951&ISATT=1#search=%22C%2f22%2f14%22>) The 3 projects below were selected for the LUF application
 - Station Arrival and Town Centre Connections
 - Improved Town Centre Gateway – road layout and bus station
 - Folca, Sandgate Road and Town Centre Public Realm



Overall Project Area

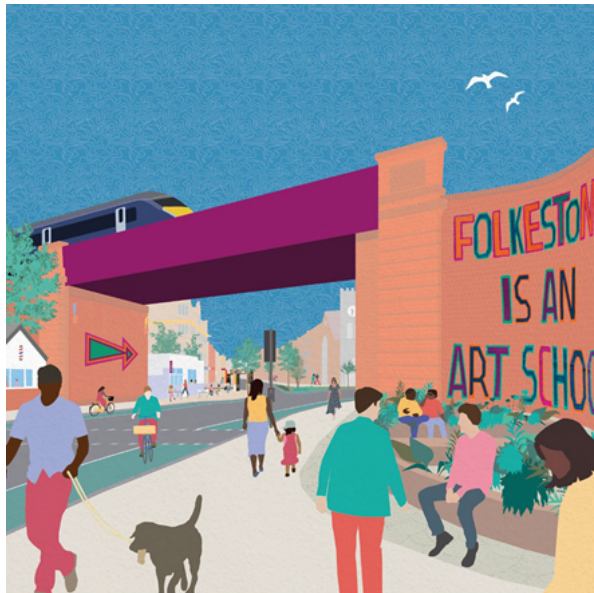
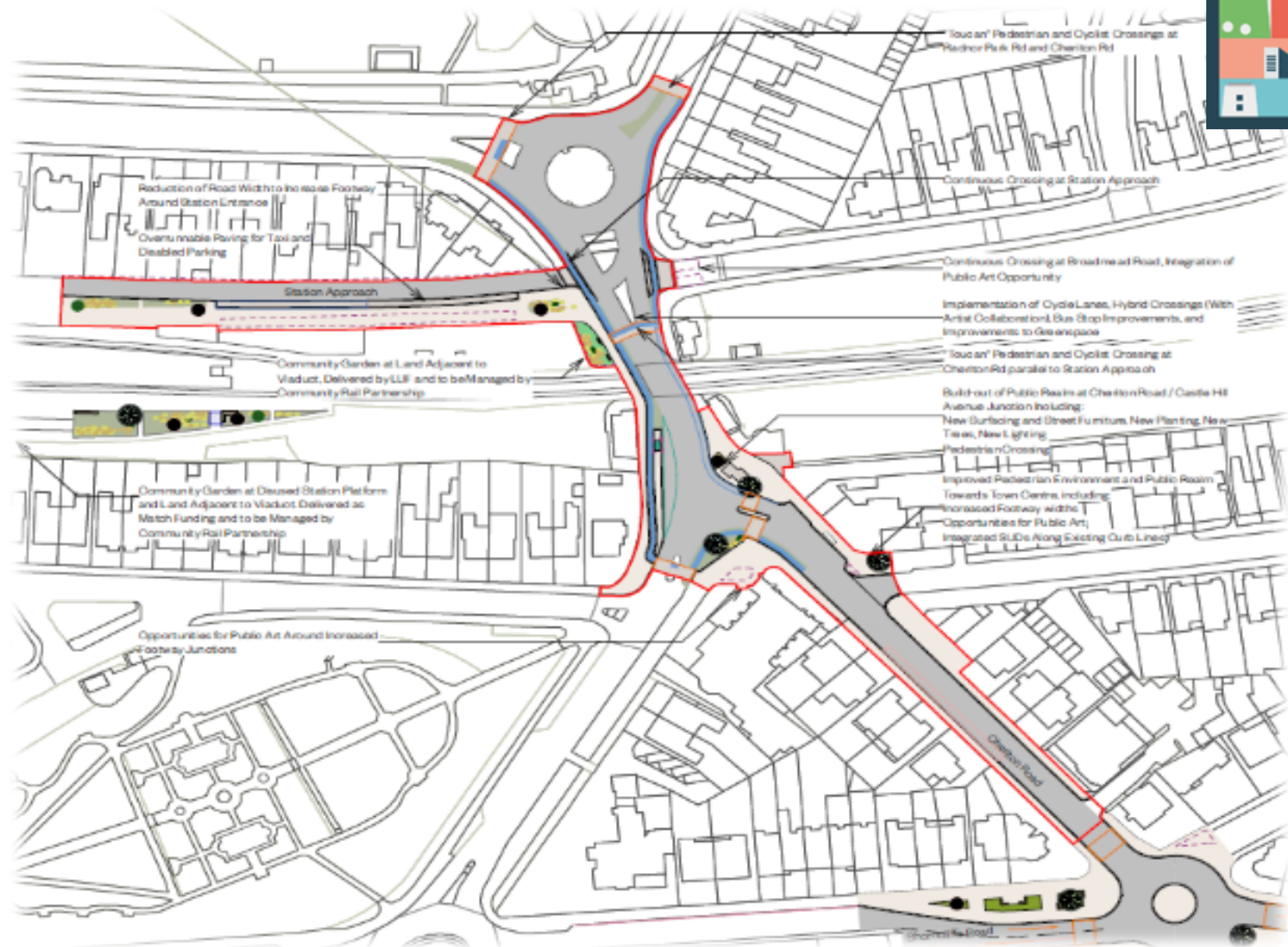


Station Arrival and Town Centre Connections



Station Arrival and Town Centre Connections

- Improving the “arrival” experience
- Additional planting opportunities
- More intuitive wayfinding

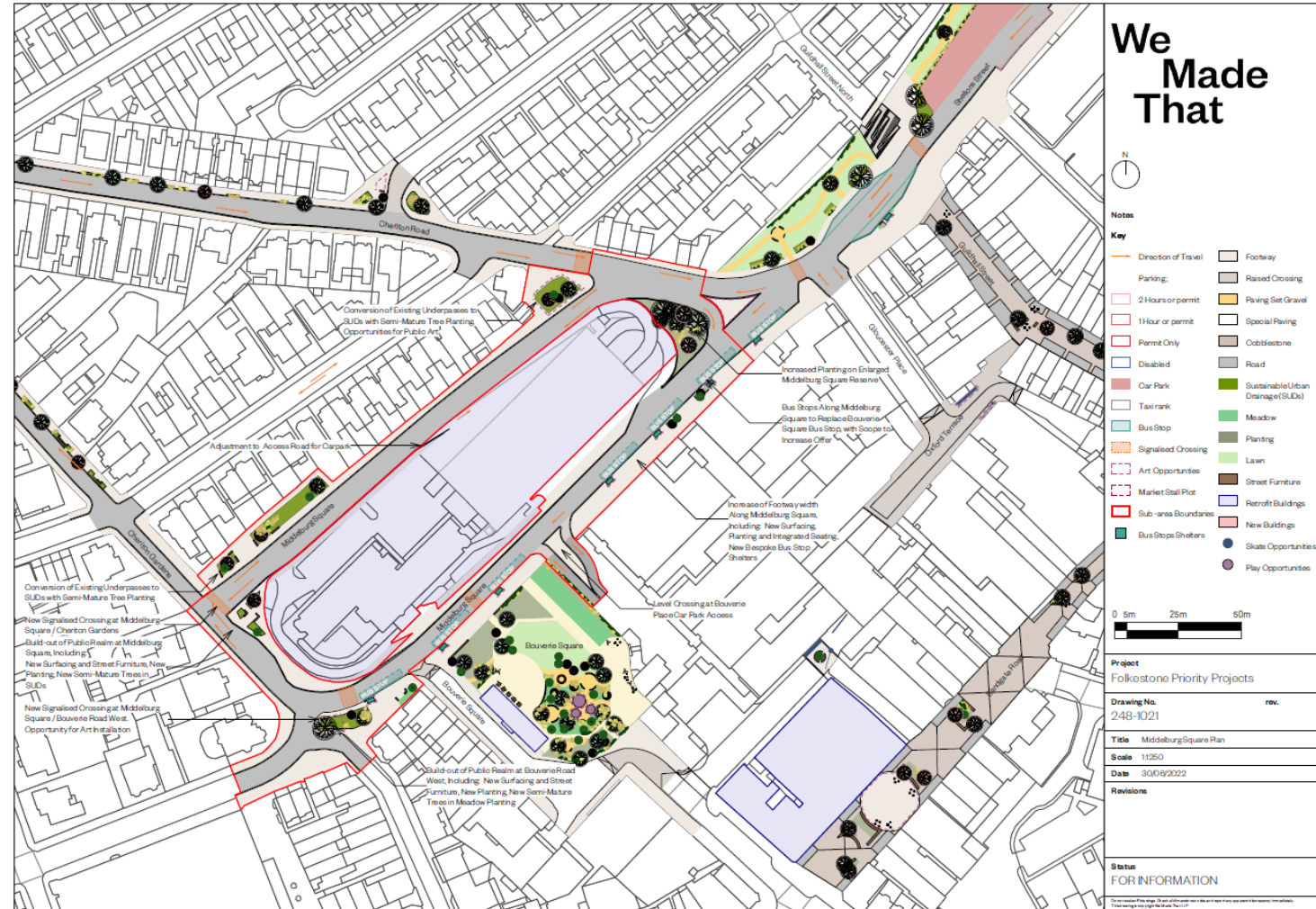


Improved Town Centre Gateway

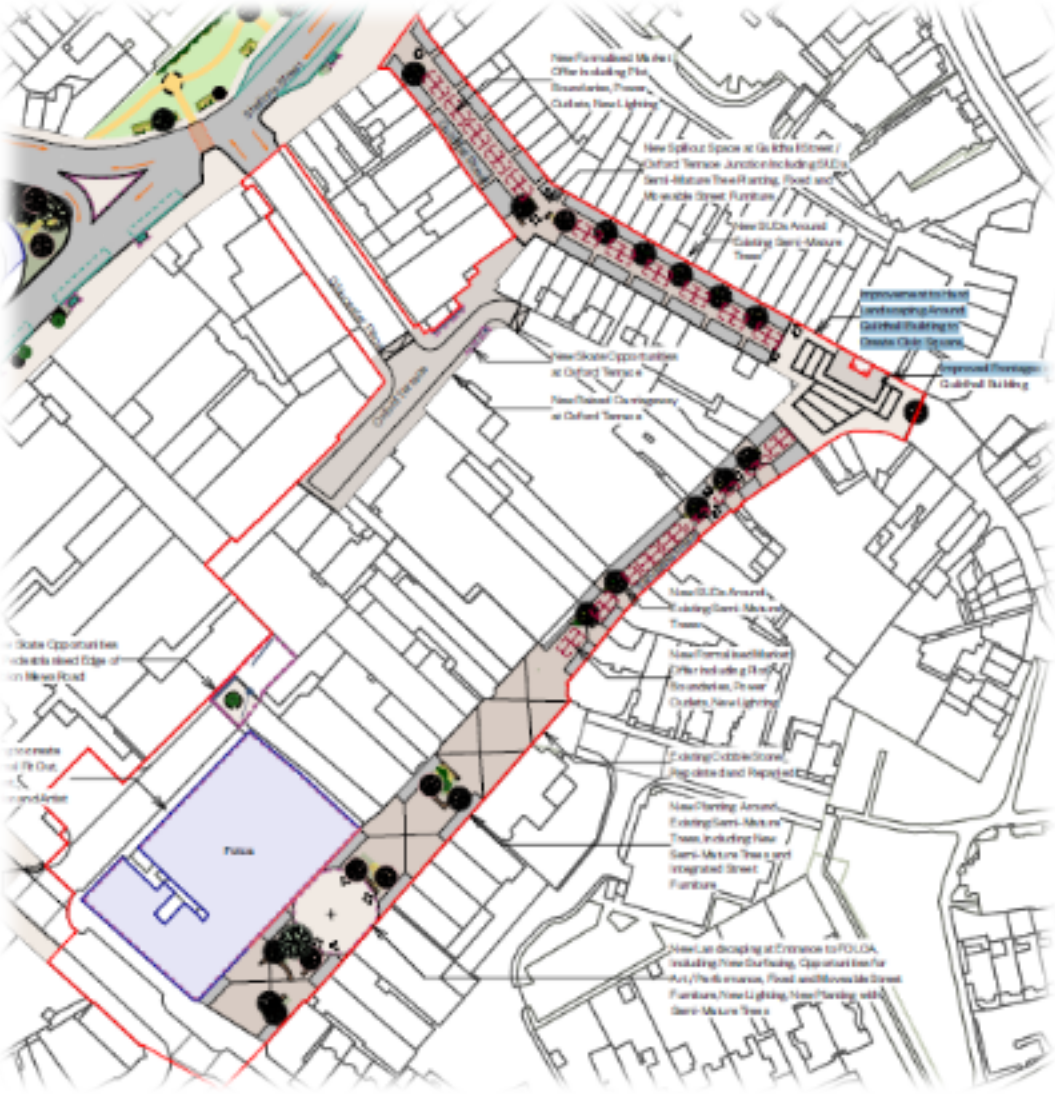


- Overhaul of legacy highway system
- Introduction of more green space
- Relocation of bus station to linear bus stops
- Restoration of public square with green space and play area

Page 19



Folca, Sandgate Road and Town Centre Public Realm



- Refurbishment and separation of former department store to enable occupation
- New public realm in pedestrianised area (seating, and planting etc.)
- Animation to enable/support new uses

Public realm, wayfinding will be subject to artistic input and uplift adding to Folkestone's USP



Folkestone A Brighter Future

- Deliverability of projects required by 31 March 2025
- Passed subsidy control check and received MOU 17th March
- Inception meeting with DLUHC 17th April
- KCC are the delivery partner for highways /public realm works
 - Delivery Partner Agreement in development
 - Appointed **Aecom** design consultant for all Highways/public realm works
 - Phase 1 design feasibility report received April 23
 - Programme schedule is in draft for 2nd phase development
 - Tender for **artistic partner** awarded to Creative Folkestone
- Robust project management and governance in place with regular reporting back to members.



F-ABF Budget

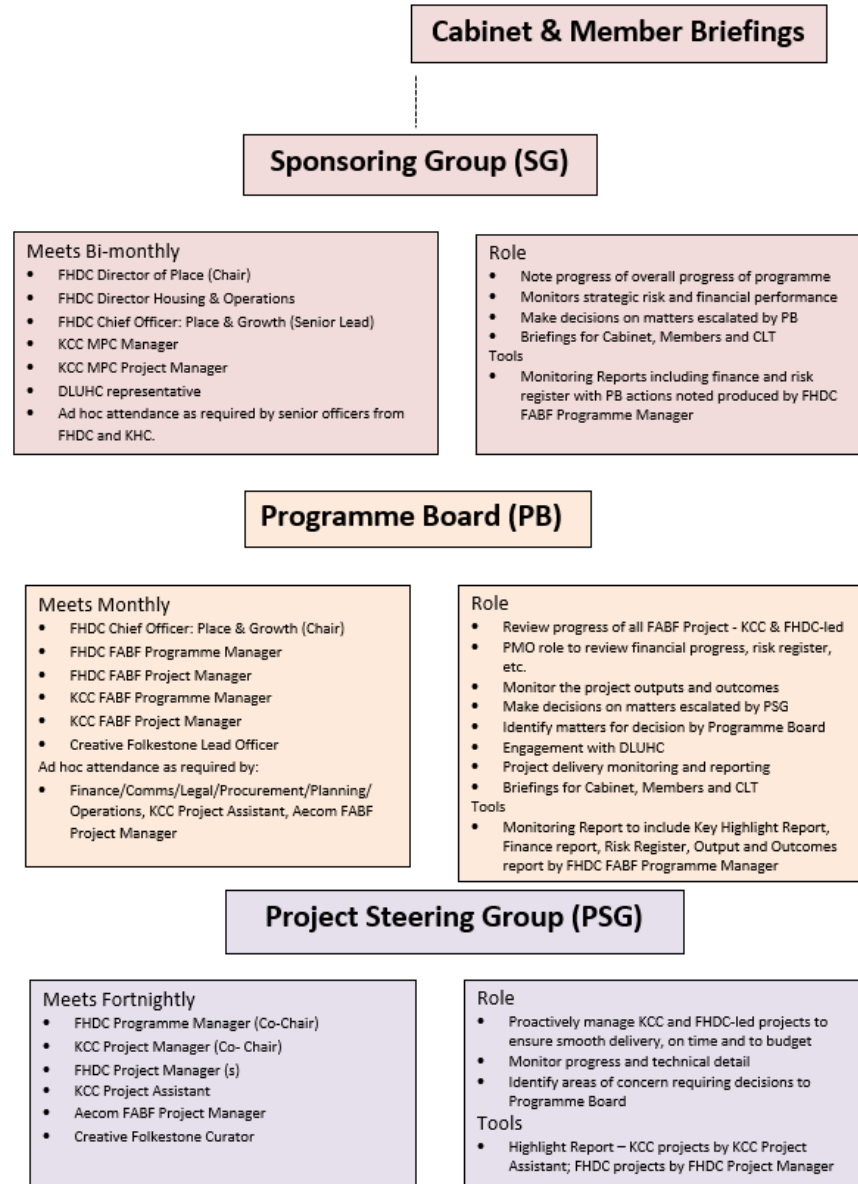
The total cost (including professional and project management fees) of the projects are in the table below:

Project	£
Station Arrival and Town Centre Connections	£4,246,806
Improved Gateway to the Town Centre and Bouverie Square	£11,690,369
Folca, Sandgate Road and Town Centre Public Realm	£6,053,735
Total	£21,990,910

LUF 'ask' £19,791,819
 FHDC funding £2,199,091



Governance Structure





Folkestone A Brighter Future

Communication and engagement strategy key objectives.

- To ensure insight is provided by stakeholders and the community into project activity, milestones, and potential impacts during construction.
- Stimulate a wide interest in the programme, it's purpose and expected outcomes.
- Ensure a 'voice for all' is enabled through creative and innovative means of engagement.
- Create an environment to promote genuine two-way communication.
- F&HDC communications platforms will keep the community abreast of programme progress and the timeline of activity and key milestones



Folkestone A Brighter Future

Communication and engagement strategy

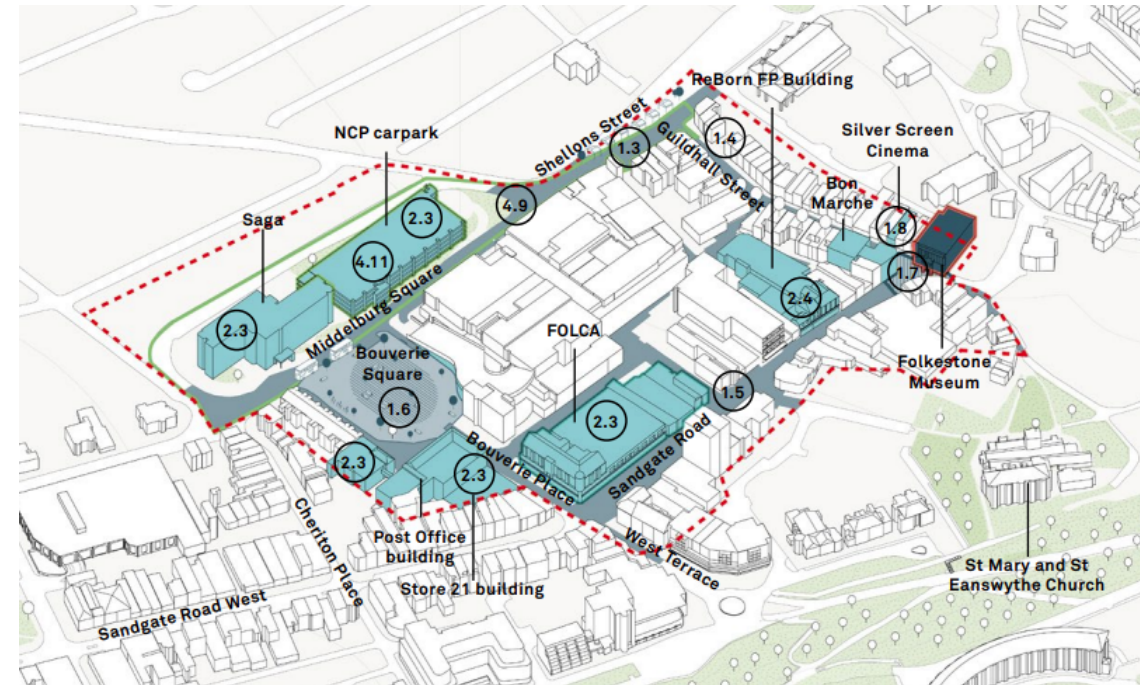
key Audiences :

- Internal stakeholders, members and strategic partners
- Wider stakeholder engagement
- Public engagement
- F&HDC Staff engagement

Folkestone A Brighter Future



- Communication and engagement strategy developed.
 - 1st public consultation expected early July on Station arrival, Cheriton Rd & Cheriton Gdns
 - 2nd Public Consultation aims to use new ways to engage through VR technology
 - Intention is to create a [digital twin](#) (2 minute video) of Folkestone Phase 2



Folkestone A Brighter Future



Legacy opportunities

- Can share the model with other stakeholders who can use it to visualise how developments will look
- Watford are using it for pre-apps and charging customers £500 as part of the planning application process
- Skills transfer to upskill members of staff and the local community in using VR and digital twinning models
- Wirral have found it is invaluable for *“Informing development projects, improving design, assisting with consultation and engagement, and to support business development.”*

Programme Schedule – key next steps

- Phase 1 Station arrival/Cheriton Road/Cheriton Gdns/Middelburg Sq.
 - Design review – June '23
 - Public engagement (exc. Middelburg Sq.) – July '23
 - RIBA stg 4 Technical design & approval – Jan '24
 - Public engagement “you said, we did” – Mar '24
 - Contractor procurement – Nov '23 to Sept '24
 - Construction – Mar '24 to Feb '25
- Phase 2 Bouverie Sq, Shellons St, Guildhall St and Sandgate Rd
 - Design review – Aug '23
 - Public engagement (inc. Middelburg Sq.) –September '23
 - RIBA stg 4 Technical design & approval - Feb '24
 - Public engagement “you said, we did” - Mar '24
 - Contractor procurement - Nov '23 to Sept '24
 - Construction – May '24 to Sept '25

Minutes

Finance and Performance Scrutiny Sub-Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Thursday, 6 July 2023
Present	Councillors James Butcher, Laura Davison, David Godfrey and Connor McConville.
Apologies for Absence	Councillor John Wing.
Officers Present:	Gavin Edwards (Performance and Improvement Specialist), Jake Hamilton (Case Officer (Committee)), Amandeep Khroud (Assistant Director), Daniella Loxton (Capital & Treasury Senior Specialist), Ola Owolabi (Chief Financial Services Officer), Jonathan Smith (Senior Accountant) and Brian Thompson (Interim Chief Financial Services Officer).
Others Present:	Councillor Tim Prater.

1. **Declarations of interest**

There were no declarations of interest at the meeting.

2. **GENERAL FUND CAPITAL PROGRAMME PROVISIONAL OUTTURN 2022/23**

This report provides the provisional outturn of the current financial position for the General Fund capital programme in 2022/23, based on expenditure to 31 March 2023, and identifies variances compared to the latest approved budget.

Mr Brian Thompson, Interim Chief Financial Services Officer, Introduced the report summarised the key points of interest:

- The provisional capital outturn for the General Capital Fund is an overall underspend of £3,256,000 on capital schemes. This is against the budget of £20,885,000 with expenditure of £17,629,000.
- This is a significant underspend, which represents 15% of the overall capital fund budget. The main reason for the underspend is capital

slippage in the funding streams between financial years and different timescales for projects which can straddle financial years and can be difficult to forecast. Members were made aware that the slippage is not effectively lost, it will be re-profiled into the next financial year/s capital programme

- In terms of the funding of the capital program, Brian Thompson advised members that the funding is a combination of capital grants, external contributions, capital receipts, revenue and borrowing. The program is fully funded using those sources.
- Mr Brian Thompson went on to say, members could find an addition breakdown on page 8 of the report, which outlines what schemes the council has borrowed for. The external borrowing that's been required for this capital program is £11,478,000. The report also outlines on page 9, the capital receipts that we've used to apply to fund capital as well. And we still have a balance of £2,714,000 which will help fund future schemes.
- Members were made aware that there were 32 schemes where there had been capital slippage, and these are identified on page 7 of the report. At the bottom of page 7, the council has also identified a small number of overspends. Mr Brian Thompson, touched on two of the schemes and explained that they were not technically overspends as the council received additional funding for one and the other was due to the scheme being put on-hold back in December and at the time when the financial position was reported in January, the council had set a budget based on committed expenditure to date, but it was disclosed at the time that there were some commitments that were still coming through the system, so it's not new expenditure, it was expenditure that was incurred and committed to before the scheme was stopped. So, essentially that requires some re-profiling of the capital program, so its not technically an overspend.

The Sub-Committee Members commented on various issues and made points including the following:

- Members asked for clarification as to what the Funding Charity Loan is?
- Members also wanted an explanation as to why we have so many schemes with slippages?
- As per page 8 of the report, why has there been an underspend on Temporary accommodation.
- The table 3.5 of the report about the capital receipts, should this relate to the table 2.1 of report? Should members be able to find the figures from one table to the other?

Mr Brian Thompson, Interim Chief Financial Services Officer, responded to comments and made the following points:

- The funding charity loan, that scheme was for some loans to the charity for beach huts. As these were going to be let, there was some

expenditure for those from the charity. The council was provided funding for that scheme. The Chair made a further comment to advise the committee that this was the Folkestone Parks and Pleasure Grounds Charity that works with the council.

- In terms of slippage, the main reasons were that capital schemes straddle financial years, and there are changes in specifications or movements. The Finance Team does provide monitoring data for the capital schemes on a quarterly basis, so the council/committee can regularly monitor these schemes. In general, the council has flagged up quite a lot of slippage during the financial year as part of regular quarterly monitoring and this is not unusual based on previous capital programmes.
- The two tables, 3.5 and 2.1 of the report do relate. The capital receipts on paragraph 2.1 relates to the "Capital towards General Fund capital expenditure" on paragraph 3.5. The remaining capital receipts in paragraph 3.5 is for Committed funds for HRA capital expenditure and future general fund capital schemes.

RESOLVED:

1. To receive and note report C/23/07.

(As there was no dissent the nomination was approved by affirmation of the meeting).

3. GENERAL FUND REVENUE 2022/23 PROVISIONAL OUTTURN

This report summarises the 2022/23 provisional outturn position (subject to external audit) for the General Fund revenue expenditure compared to the approved budget for the council.

Mr Brian Thompson, Interim Chief Financial Services Officer, referred to several points within the report which include:

- The overall outcome of the General Fund Revenue for 22/23 is an underspend of £993,000. This is laid out in table 1 of the report on page 17. This has increased from the £567,000 underspend that was reported to the Finance and Performance Committee back in January 2023 and to Cabinet. In overall percentage terms the underspend of £993,000 represents, just under 5% of the overall General Fund budget. So, whilst it is a significant underspend, it is not deemed to be excessive. It is unlikely that the net underspend has had any significant impact on front line services to residents.
- The underspend subject to audit will be transferred to general fund balances at year end, so essentially that will provide an additional buffer for the council in terms of its balance which will help to deal with future financial pressures.

- The key drivers for these underspends are probably due to 3 areas. Firstly, back in December last year the Chief Executive and management team asked managers to rationalise spending, where possible, to try and reduce non-essential spending. That exercise started in December and carried forward to the end of the financial year, so that generated some of the underspend. The second major driver has been extra additional income received. The council has received a substantial amount of section 31 grant from the Covid-19 pandemic years, to help with the council's collection fund of business rate payments. The council has also received some additional green grants, which are non-ring-fenced grants, which have helped with the underspend. And finally, the council received some other fees and charges income which are laid out in the appendix A.
- In terms of the variance analysis these can be found in appendix A. The council has tried to explain most of the variances over £40,000 but as members are aware, the council has over 4000 cost centres in the general fund. So, it hasn't been possible in this report to point out every variance to members.
- Members were advised that in terms of general fund balance and reserves, the council has laid out the reserves position for the year on page 20 of the report. Earmarked reserves have gone down slightly to £18,053,000 because the council has used some of those in year as programmed and agreed in the approved budget. The report shows general fund reserves as going down slightly to £4,222,000, however, the Council agreed to use £1,786,000 to balance its budget in 2023/24 and so the reserves table has been adjusted for this. The council has agreed this in February 2022 when it approved the General Fund Budget for 2023/24 and set the Council Tax. It was also advised that once the underspend of £993,000 is agreed and council approved, this will add to general fund balances as well and the balance will go up to over £5,000,000 for the general funds reserve.
- Finally, the report recommends the approval of £1,252,000 of budget carried forwards. Essentially these have materialised through the year as the council receives a number of ring-fenced grants from various organisations, like the DWP money for housing benefits, Cyber security grants and various others. These amounts of money, if not spent in the year must be carried forward as per regulations. So, the GF outturn report table in this report is net of those figures. The Cabinet at its meeting next week will be asked to formally approve £1,252,000 of carry forwards. Last year was a similar figure of £1,200,000 was approved for carry forwards as reference.

The Sub-Committee Members commented on various issues and made points including the following:

- Members presume the Covid-19 and Green Grant are no longer recurrent sources of income?
- Looking ahead how confident is the council with balance the budget, if we are no longer going to have a number of grants?

- As previously mentioned, it is unlikely that the net underspend has had any significant impact of services to residents. Going forward can how confident can the council be, or will the council have to look at harder decisions?
- £94,000 additional income from parking charges, parking fines and permits, offset against Ringo's processing fees. Does that mean it was more and then it came down because of the Ringo processing fees? And in which case how much of the Ringo processing fees?
- The report also refers to £194,000 additional income, that also refers to parking permits. So, is the council talking about two different types of permits?
- Will the council be looking at restructuring the budgets on a service level rather than salami slicing at the current budgets?

Mr Brian Thompson, Interim Chief Financial Services Officer, responded to comments, and made the following points:

- The Green grant was a one-off from Dover District Council and some of the other grants are one-off amounts as well.
- Any future budget the council has set for 2023/24 would have been completely rebased. So, the council would have accounted for any recurring or non-recurring grants. Most of the recurring grants are around areas such as Section 31 grants, which are to cover business rate relief, so they are always ongoing and recurring. The Council carries out a series of returns to Government every year to identify those grants. The other main grants are around things like housing benefits, rent allowances and council tax subsidy, and again the council has a claims/estimate process, a series of returns we complete with the Government in advance of setting the next year's budget.
- The medium-term financial plan is showing a deficit in future years, so some sort of decision around, savings or how the council can finance the deficit and or balance the budget will be required.
- The medium-term financials plan which the council is looking at repricing at the moment for 2024/25 is showing a deficit of around £4.4m and as you can see in the budget table here, the general fund budget is split into two areas, the service expenditure on the frontline services and the corporate items, such as interest. The council is currently looking at services in a bit more detail. The council is going to have a STAR chamber process this year to look at this in more detail.

RESOLVED:

1. To receive and note report C/23/08.

(As there was no dissent the nomination was approved by affirmation of the meeting).

4. **HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL PROVISIONAL OUTTURN 2022/23**

This report summarises the 2022/23 provisional outturn position (subject to audit) for the HRA revenue expenditure and HRA capital programme compared to both the latest approved budget and quarter 3 projections.

Mr Brian Thompson, Interim Chief Financial Services Officer, referred to several points within the report which include:

- The HRA has underspent in 2022/23 on the revenue side by £1,184,000 this can be identified on page 31 of the report. The main reason is the reduction in the revenue required to fund the capital program as the council has reduced the new build program, because the Highview scheme was stopped to provide additional funding capability for the decarbonisation program from the HRA.
- The HRA has underspent in 2022/23 on the capital programme by £5,079,000. The two main reasons are the £2,000,000 reduction in the new build spend and slippage in the thermal insulation budget of about £1,270,000, again this scheme will be re-profiled and budget will slip into the next financial year.
- The council strategy to fund the capital program is to maximise the use of the major repairs allowance and use revenue contributions to fund capital expenditure. The reason for this is that the council tries to keep the HRA borrowing costs down where possible with interest rates being so high.
- The capital program will be re-profiled for the slippage identified in this report for next financial year.
- The impact of the underspend on the HRA revenue has increased HRA balances to £7,111,000.
- The general fund has a small carry forward of £77,000 for Cabinet to consider and that's to cover the cost of feasibility studies on new builds. Which the council is asking to be carried forward to the next financial year.

The Sub-Committee Members commented on various issues and made points including the following:

- Are there any risks in terms of the underspend/re-profiling of the fire protection work?
- What has happened in-terms of the procurement processes for things like windows, doors and roofing and the re-procurement that's needed to have happened?
- Members were not aware that the Highview scheme was stopped so that the funds could be re-funnel into the council's decarbonisation project.

Mr Brian Thompson, Interim Chief Financial Services Officer, responded to comments, and made the following points:

- The council will need to refer to the service to clarify the reason for the reduction in spend on fire protection.
- In terms of the re-procurement for windows and doors, there were multiple contacts that were due to be put in place. One of those only covered a certain portion of the budget. And its believe that the services wanted to use that contract potentially for the bulk of the budget, but there was a limit to how much they could fund. So, obviously that then needed re-procurement for another company for the remainder of the budget. That process takes time which resulted in the delay and therefore the slippage into the new financial year. There was also a delay in delivery from manufacturers on some of the doors. And in terms of the roofing this was due to weather and timings of year.
- The Highview Scheme was paused due to latest financial and economic conditions and the additional costs required to carry forward with the scheme. Whilst this decision has been made, the reserves that were allocated for the scheme are now technically available to help fund other capital schemes such as the EPC C and A programmes in the General Fund Capital Programme.

RESOLVED:

1. To receive and note report C/23/14.

(As there was no dissent the nomination was approved by affirmation of the meeting).

5. Annual Performance Report 2022-23 and Draft KPIs 2023-24

Mr Gavin Edwards, Performance & Improvement Specialist introduced the report and summarised points of interest to members who noted various items within the KPI Data:

- The housing section is where the concerns are principle, in terms of he missed targets. What is the position with acquisitions, and the reasoning as to why it has been progressed?
- Members made comment to Appendix 2, Thriving Environment and wanted to know what the year ahead looks like? And how confident the Council is that we will be in a better position near year on Enforcement?
- Members made comment to Community environment volunteer's events and how the numbers for quarter 4 are quite disappointing. But they accept the rationale behind the reasoning. It was mentioned that if it's still the Council's ambition, then maybe a discussion is needed on how this can be resourced so that targets can be improved.
- Members made comment to the percentage of data breeches as set out in Appendix 2, Transparent, Stable, Accountable and Accessible. They mention that a target of 100% is very ambitious, and that the rationale for the councils not meeting the target is due to human error. It was suggested that the council have a discussion as to whether this target needs amending as there is a potential for the KPI to always be red.

- How are new KPI's arrived at? Is there any consultation or community involvement?
- Members made comment to, two KPI's within Appendix 3, "Number of Community Safety Events held, and projects delivered" and the new KPI to be introduced "Number of Community Safety Projects Delivered" and wanted clarification as to the difference between these KPI's?
- It was suggested that the wording be tweaked in relation to the two above KPI's so that they can be distinguished.
- Members wanted clarification on the difference between two KPI's within Appendix 4, Thriving Environment, and the context as it was suggested you can have CPW's within Housing. The first KPI being, "Number of Community Protection Warnings (CPW's) issued and the second, "ASB enforcement action taken (CPW's and CPN's).
- Members made comments to the fact that the report does not include much around the climate emergency. And asked the question as to whether ore KPI's could be added once the Councils District-Wide Carbon Plan is more developed?
- It always seems very difficult to gage the percentage of homelessness. It was suggested that there needs to be more data around this.

Mr Gavin Edwards, Performance & Improvement Specialist responded to the comments, and made point's including:

- With regards to the acquisitions, the information was not to hand. So, this will be reported back to the Committee in due course.
- The Council would need to refer to its senior environment protection lead for the overall trajectory going forward. However, the Environment Team do an incredible amount of work informally and try to exhaust other options before enforcement.
- KPI's are set through engagement with service leads and specialists.
- It was confirmed that the new, "Number of Community Safety Projects Delivered" KPI to be introduced is around the multi-agency operations. The behind the scenes work that the community safety unit carry out around court cases, closure orders, multi-agency targeted operations and long-term ASB cases. Whereas the existing KPI is around events and projects with the public.
- The two KPI's within Appendix 4 in relation to Community Protection Warnings are in relation to the work of the Environment Protection Team as a whole and not necessary housing. The report includes comments from officers around the rationale for the new KPI to be introduced.
- The Council has previous had conversation around this and will potentially look to add further KPI's once the District-Wide Carbon Plan is more developed.

The committee made a recommendation to cabinet for a further KPI to be added. See resolution below.

Proposed by Councillor McConville,

Seconded by Councillor Davison; and

RESOLVED:

- 1. To receive and note report C/23/07.**
- 2. To recommend to cabinet, that a further KPI be included within the housing section, which looks to measure how many houses the Council can get to EPP C either through the decarbonisation fund or the Councils own Housing Revenue Account.**

(As there was no dissent the nomination was approved by affirmation of the meeting).

This page is intentionally left blank

F&HDC – Repairs & Maintenance options appraisal

Andy Blaszkowicz - Director Housing & Operations
Gill Butler – Chief Officer, Housing

Paul Smith - Associate Partner, Faithorn Farrell Timms
(FFT) Consultancy

Overview & Scrutiny Committee
26th September 2023



Introduction

Housing Repairs & Maintenance (R&M) Options Appraisal

- *‘To consider as an option, the delivery of maintenance and compliance for council owned housing, as a council owned service as opposed to the awarding of an outsourced contract. That any such paper which looks to tender for a new contract includes this option in both its planning and decision making’*
- Project to assess the pros & cons, risks and benefits, of a new R&M service in housing
- Opportunity to gain Members input into the approach F&HDC housing service taking
- **3,397** council managed homes, 18% of stock Independent Living (Sheltered)
- F&HDC Tenant Charter - safe & secure home - good state of repair - health & safety a priority. Improve homes - environmental - modernisation, repair & compliance work.

Housing Service Vision

‘To create an excellent housing service - one that is digitally enabled, easy to deal with, and where tenants (customers) are at the heart of everything we do.’

Background – Repairs & Maintenance contract

- Current contract Mears Ltd - running since 2010 – extensions to 1st Apr. 2025:
 - Responsive Repairs and Planned Maintenance service incl. replacement kitchen and bathrooms (capital programme)
 - Void repairs & some Compliance related services
 - Annual cost is: £3,526,240
 - Cost breakdown:
 - Responsive Repairs and voids - £1,901,240
 - Planned works - £1,395,000
 - Compliance works - £230,000
- Mears completed 5093 responsive repairs in 22/23!



Social Housing (Regulation) Act 2023

Charter for Social Housing Residents - Regulator of Social Housing – revised Consumer Standards:

- **Safety and Quality Standard** - *tenants' health and safety in their homes - ensuring repairs can be reported easily and tenants are kept informed of progress.*
- **Transparency, Influence and Accountability Standard** - *ensuring tenants are treated fairly and with respect, that their views are taken into account in decision-making, that they are provided with performance information about the housing service, and complaints are dealt with fairly and promptly.*
- **New Tenant Satisfaction Measures** introduced:
 - Annual tenant perception surveys
 - Inspection regime of landlord housing service

**The Charter for
Social Housing
Residents**
Social Housing
White Paper



Ministry of Housing,
Communities &
Local Government

Tenant Satisfaction

- Overall tenant satisfaction levels are heavily influenced by tenant's perception of our Repairs & Maintenance service
- June/July 22 - Tenant-wide satisfaction survey – Satisfaction with repairs 68% (tenants with completed repairs in the previous 12 months)
- The timeliness of repair delivery, along with communication/ information, were the aspects of the repairs service that dissatisfied tenants sought improvement to – 2022/23 Tenant Satisfaction Action Plan
- This year August 2023 Tenant satisfaction survey completed – results expected October 23.

Page 43

Your views and our actions

🏠 Repairs and maintenance

Satisfaction with repairs completed within last 12 months

68%

Satisfaction with time taken to complete repairs (or maintenance)

61%



Monitor contractor performance, set realistic but challenging targets



Ensure repairs contractors act on resident feedback



Improve communication with tenants regarding repairs



Publicise info on repairs and maintenance work and programmes



Publish our standard timescales for routine and urgent works



Keep residents informed if a timescale can't be met



Communicate timescales for planned works and publicise outcomes



Ensure communication to all affected residents is timely



Folkestone & Hythe
District Council

Procurement of Consultancy services

Provision of R&M Project Consultancy – July 2023

- **Role of the FFT** - to provide commercial experience, technical knowledge, and project management skills to support the council through the project stages.
- **Stage 1 - Options Appraisal**
- Conduct a review of the different options to deliver the R&M - Evaluate the risks, benefits, and costs of each option. The review to consider:
 - ✓ *Housing Revenue Account (HRA) 30-year business plan and future budgets*
 - ✓ *Compliance with health & safety legislation and all other relevant housing legislation*
 - ✓ *Providing opportunities for local suppliers where possible*
 - ✓ *Integration with the housing management IT system (NEC) and any future developments*
 - ✓ *Capacity for contact centre*
 - ✓ *Value for Money and opportunities for economies of scale*
 - ✓ *Operational delivery preferences*
 - ✓ *Benchmarking data*
 - ✓ *Establishing clear and deliverable service levels for tenants to a nationally comparable standard market engagement.*

Options Appraisal - Timelines

Where we are so far:

- Project plan and timeline with milestones – **completed**
- Desk top review – **in progress**
- Consultation – first stakeholder lessons learnt / scoping workshops with housing staff / tenants / Members – **in progress to be completed Sept.23**
- Options appraisal report with recommendations for all areas covered by the tender – signed off by F&HDC **October/November 2023.**



Initial findings from workshop groups

- **Staff workshop – 08/09/23 / Tenants workshop – 12/09/23**
- **Feedback from Staff workshop:**
 - *General feeling - the current Mears contract operates ‘fairly well’.*
 - *Some Mechanical & Electrical (M&E) and compliance workstreams will sit better outside of the main contract.*
 - *The Hybrid pricing model of **Price Per Property** and **Schedule of Rates** works well - no desire to change this significantly.*
 - *The outsourced call centre was supported by all staff, although if this could be co-located in the Council’s own office this would be beneficial to communication with the contractor.*
 - *The appointment slots and repair categories generally work well.*
 - *VOIDS generally work well, but major voids would benefit from a review.*

Initial findings from Staff workshop

- *Rent loss for late voids is something to consider.*
- *Opportunity to review how resident damage can be recharged (Recharge policy)*
- *Repairs and voids work well together. Could be support for an internal Handyperson / Caretaking service, potentially developed to deliver non-complex voids.*
- *Planned works gives commonality, but also feedback to suggest this could sit separately.*
- *No real support for a DLO - Options Appraisal will clearly set out why and the issues / risks associated with setting one up, including: set up costs, TUPE, recruitment and the lack of good available resources, bringing the call centre back in house, staff absence, managing sub-contractors, etc.*
- *No desire to add financial incentives to the new contract.*
- *An 'all eggs in one basket' is not the preferred solution e.g. removing certain compliance and M&E workstreams is a strong consideration.*

Initial findings from Staff workshop

- *Bringing gas and asbestos into voids would create a more efficient delivery model.*
- *New M&E installations to remain excluded.*
- *Co-location and a local presence would be a real benefit.*
- *Increasing inspections levels would be ideal, although F&HDC are hitting the market average levels.*
- *Access to Mears MCM system provides great transparency.*
- *Less sub-contractors esp. on key services.*

Initial findings from Tenant workshop

- **Feedback from Tenant workshop**

- *Operative training and the contract management of all contractors needs improving - with a clear code of conduct in place.*
- *More quality checks required by the contractor.*
- *Suggestion that Aids and Adaptations needs reviewing.*
- *Competency of operatives needs checking.*
- *ID Badges must be worn at all times.*
- *Vulnerable tenants need more responsive / tailored treatment that meets their needs.*
- *Positive comments about the call centre and how efficient it is.*
- *Communication is key – esp. when appts can't be kept/ takes longer to do the job.*
- *Attendance at tenant meetings.*
- *Publish performance*

Desktop – market assessment

- **Market Assessment considerations:**

- Overall, the feedback is positive, with refinements appearing to be the way forward, opposed to starting again or changing to a completely different model.
- Removing certain workstreams, such as Compliance could remove the overheads Mears pay to their supply chain (sub-contractors).
- Improving the resident re-charge process could create savings / income.
- Damages on late voids could generate savings. Likewise, incentives for early void completions, which enable F&HDC to let voids earlier.
- The current pricing model appears to work well, but would a more inclusive Price Per Property offering further efficiencies?

Desktop – market assessment

- **Market Assessment considerations:**

- Price Per Property and Schedule of Rates pricing models probably offer the Council the best pricing models.
- We must be mindful of F&HDC's size and geographical location to attract appropriate contractors.
- We suggest issuing a Prior Information Notice to Market to understand the appetite.
- Everything the Council can do to promote the opportunity early will benefit them.
- Initial feeling is to refine opposed to rebuild.
- The draft timetable for procurement is already tight.

Delivery Options

- **Risk / benefits and indicative costs of each delivery option**
 - The Options Appraisal will cover this in far more detail, but we have covered a few of the key options on the following slides to cover:
 1. Individual outsourced Contracts per work stream
 2. A Single outsourced integrated Contract
 3. A joint Procurement with others
 4. Creating a Direct Labour Organisation (DLO)
 5. Creating a Wholly Owned Subsidiary / Creating a Joint Venture

Delivery Option 1

1. Individual outsourced Contracts per work stream

- Advantages:
 - Allows local Specialists to Tender
 - Reduces main Contractor Overheads
 - Removes 'all eggs in one basket' approach
- Disadvantages:
 - Requires greater client management / more resources
 - Potentially less attractive to the market
 - Increased procurement costs
 - Contactors less likely to invest in IT and Social Value
 - IT and contact centre risk

Delivery Option 2

2. A Single outsourced integrated Contract

- Advantages:
 - One Contractor to manage, one IT system, so more efficient to manage / easier for the customer
 - Contractor more likely to invest in IT, Social Value, etc.
 - Contract contact centre
 - Reduces procurement costs
 - Contractor takes on the management role / no additional resources
- Disadvantages:
 - 'All eggs in one basket'
 - Potential higher sub-contractor input, with two layers of overheads
 - Will narrow competition, but could increase competition on this type of Contract as very attractive to Tier 1
 - Specialists / local unlikely to apply

Delivery Option 3

3. A joint Procurement with others

- Advantages:
 - Creates savings and efficiencies in the procurement process
 - Potentially more attractive to the market
 - Could encourage more investment
- Disadvantages:
 - Contracting Authorities commonly many different outputs
 - Potential loss of control as seen with East Kent Housing
 - Other Authorities at different stage in procurement
 - Requires lots of coordination / resources

Delivery Option 4

4. Creating a Direct Labour Organisation

- Advantages:

- Potentially VAT savings on labour
- Control over workforce
- Satisfaction should in theory be high

- Disadvantages:

- Huge set up investment required / resources and cost
- Contracting Authority takes on board all the labour risk, including sickness, A/L, recruitment issues, management of non performance.
- Set up costs likely to run into the hundreds of thousands compared to an outsourced model.
- TUPE transfer risk
- Council take on IT and contact centre risk
- Existing contract would need to be extended
- Need to manage supply chain directly.

Delivery Option 5

5. Creating a Wholly Owned Subsidiary / a Joint Venture

- Advantages (very similar to a DLO):
 - Potentially Vat savings on labour
 - Better Control over workforce / service
 - Opportunity to innovate
 - Sell the service internally
 - Shared profit
- Disadvantages:
 - Huge set up costs, that could equate to £300,000- £400,000.00 plus
 - Very time consuming and a change in skillset and mindset
 - Shared labour risk
 - Council take on IT and contact centre risk
 - Existing contract would need to be extended

Project Plan - Draft Timetable

Stage 2 - Preparation

- Tender preparation including detailed specification, new draft contract, and evaluation criteria – **Dec.23**
- Section 20 Notices issued – Dec. 23/Jan.24
- First draft of procurement documents– Feb./March 24
- Tender published by– May 24
- Tender return date–**July 24**
- **Stage 3 – Evaluation**
- Tender evaluation period– July/Aug. 24
- Tender Report – Aug.24 & signed off (1 month allowed for council governance approval) – Sept. 24
- Section 20 / Compliance paperwork – Oct. 24
- Standstill period concludes– early Nov. 24
- Contract awarded /mobilisation commences– **Nov. 24**

- **Mobilisation and implementation** – As fundamental to project success as the procurement itself. The two key issues to be resolved focus around IT and TUPE. Addressing items such as de-mobilisation of the existing contractor, preparation of the risk register, staff training etc. also critical. Contract commences - **01/04/2025**

Q&As Discussion

This page is intentionally left blank

Overview & Scrutiny Committee 26th Sep

Topic Folca LUF Update & Civic Centre Relocation

Page 61



Agenda

- Phase 1 Folca LUF update
- Phase 2 Civic Centre Relocation feasibility
- Architect commission overview, scope and time frame
- Economic Assessment scope and time frame
- Business case , overview, scope of work and Time frame
- KCC involvement
- Estimated Timeframes
- Proposed programme structure and workstreams
- OSC members ask What else do we need to know/consider?

Folca 2 LUF Delivery

Appointed Pellings

Overview & Scope

- To oversee the condition surveys with associated report and recommendation re best use of LUF money
- To undertake a cost exercise to determine suggested budgets associated with Phase 1 (LUF works) and phase 2 works (full fit out for occupancy)
- To oversee/support tender prep and procurement of first phase.
- Overview and delivery of Changing Places Toilet to be delivered and operational by March 2024 as well as test trade provisions to align with outputs of LUF bid.

Folca Progress to date

- Pellings LLP commissioned various surveys and investigative works and provided a detail condition report .
- Pellings have undertaken a cost exercise to determine suggested costs associated with phase 1 (remedial works phase) and phase 2 (fit-out to full occupation) for Folca 2.
- Pelling have advised on the key work recommended within the phase 1 to align with LUF budget. This will include separation from Folca 1 insulation upgrades, replacement of windows, new roof and CPT

Project Schedule

- Procurement exercise to appoint contractor for remedial works (Oct '23) – 6 weeks.
- Award of contracts – 2/3 weeks.
- Construction works – 26 weeks (expected May 2024).

Folca 2 - Proposed Civic Centre Relocation

Overview

- February '23 Cabinet approved acceptance of the Levelling Up Fund grant (C/22/86) and agreement for Officers to explore the potential for the Council to relocate from the Civic Centre to Folca.

Approach

3 key strands of work to ensure a robust viability report to seek approval for phase 3

- Appointment of an Architect to provide a concept design RIBA 2 and outline costs
- Appointment of an economic specialists to assess the benefit of the proposed Folca 2 development.
- Development of business case to underpin viability of the scheme

All three works strands will dovetail together as work progresses to ensure a cohesive outcome

Timings

- Aim to complete 3 elements of work by Autumn to enable a decision report for CLT and Members before Christmas 23

Folca 2 - Carver Haggard Architects

Overview

- To drive the concept for the 'future vision' of Folca 2. The proposed design needs to be practical & cost-effective in bringing this building back to life and also provide a credible costed proposal (potentially phased construction occupation) for the future design and use of the building.

Scope

- The scope of this commission will progress concept design to RIBA stage 2.
- RIBA Stage 1 to include development of project brief and proposed programme, engagement with key stakeholders and identification of any risks
- RIBA Stage 2 to include Collation of relevant information sought from key stakeholders, define engagement outcomes, design concepts in line with outcomes and assign costs (to include multidisciplinary team input – structural engineer, QS, MEP, sustainability), production of both 2d and 3d concepts to be created to present to CLT and members.

Timings

- Inception, Briefing and Review: 4th September – 11th September
- RIBA Stage 1: 4th September – 2nd October
- RIBA Stage 2: 2nd October – 6th November (dates may alter depending on external factors)

Folca 2 – Economic Business Case & Viability Planning

Overview

- To create an economic business plan to determine the viability of the Folca 2 proposed redevelopment

Scope

Financial Business Viability Modelling – FHDC

- To undertake financial viability modelling to include costs associated with Civic Centre relocation (holding costs, vacant possession costs, Folca build costs, loss of Civic revenue) and revenue/ income potential generated from Folca 2 (Civic Centre capital receipt, rents and revenues from commercial entities and lease of spaces, lease premium of Folca 1 etc.).

Economic Assessment scope – Turley

- To create an economic impact model to understand the economic benefits such as job creation, increase in spending within the Town centre, wider regeneration benefits, health, wellbeing, and cultural impacts and wider GVA outputs

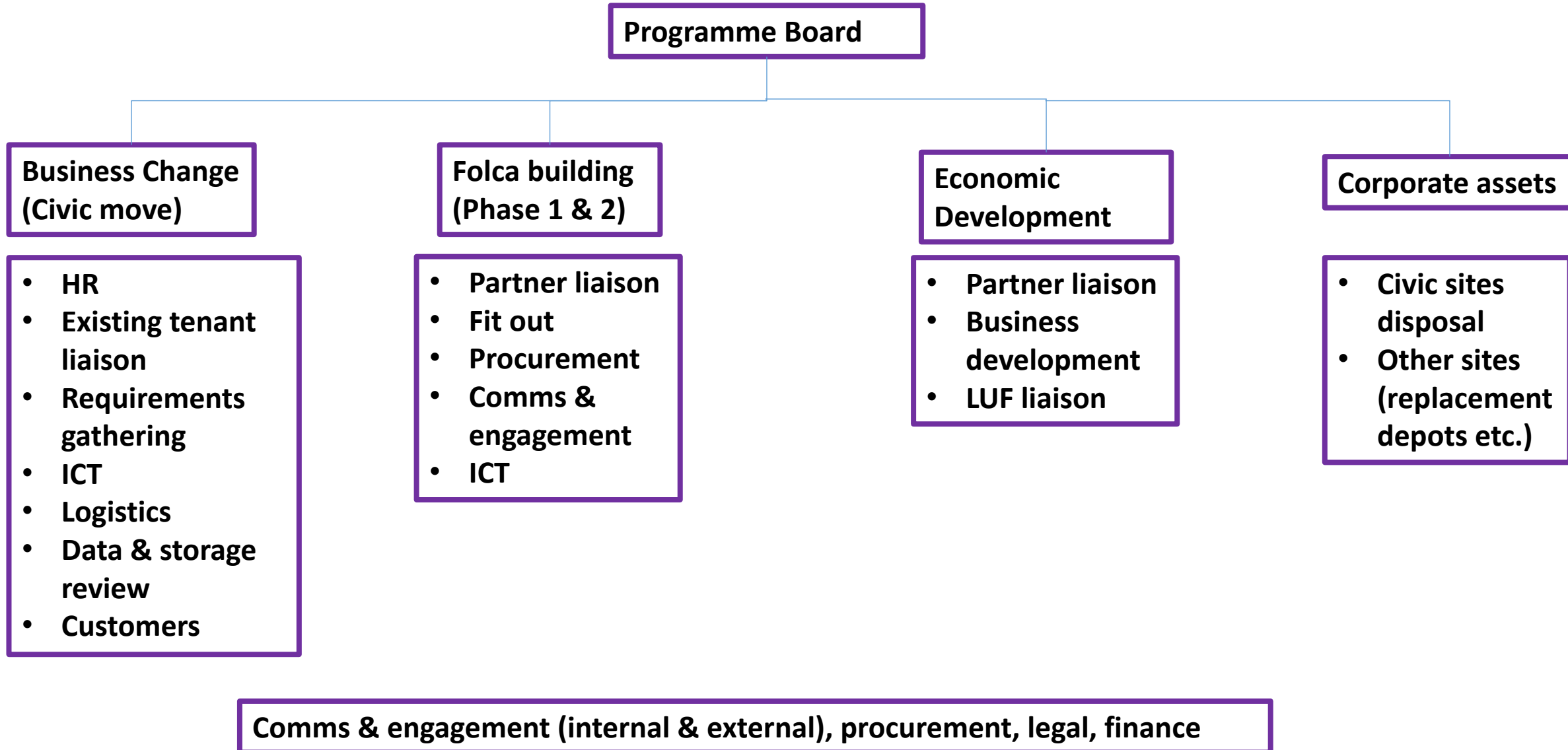
Timings

- FHDC – to meet autumn 2023 deadline
- Turley - Inception meeting in Week 1, Interim project update meeting in Week 2 (pause for further outputs and findings) and a meeting to discuss the key project findings and agree infographics content in Week 3. Revision to the report and final infographics in Week 4.

KCC Dicsussions

- KCC are actively engaged about occupancy.
- Aiming to locate key services including library.
- KCC will be involved in the business case and design.
- KCC financing options

Proposed programme structure



Estimated Time frames

- Phase 1 tender ready – Currently Oct 2023 - tender period 6 weeks
- Appointment - Nov 2023
- Start work (Ph 1 contractor) - Dec 2023
- CPT deadline - 31st March 2024
- Finish work (Ph 1 contractor) - June 2024*
- Phase 2 Final report - Dec 23
- Council Decision - Jan 24
- RIBA stage 3 & 4 - April 24
- Planning Application - submitted May 24
- Planning permission - Summer 24
- Procurement of capital works - Autumn 24
- Appointment of Contractor - Winter 24 / Spring 25
- Completion - Autumn 26

Points for Member Consideration

Feedback from Committee will help shape the project moving forward and will be included in reporting to Cabinet.

Aspects which Committee may wish to consider include:

- Overall approach
- Commercial element (i.e. sector types)
- Proposed commercial use of the rooftop floor
- B rating ambition
- View on Council occupancy being temporary or permanent
- Potential staged approach (i.e. partially fit out areas or complete in one stage).

Next steps

- Preparatory programme work (project structures, roles and responsibilities)
- OSC on 26 September 2023 to consider approach and programme
- Report to Cabinet in November / December 2023

This page is intentionally left blank

This Report will be made public on 18 September 2023



Report Number: **OS/23/03**

To: Overview and Scrutiny Committee
Date: 26 September 2023
Status: Non-Key decision
Responsible Officer: Ewan Green, Director of Place

SUBJECT: OTTERPOOL PARK: STRATEGIC DIRECTION, FUNDING AND DELIVERY.

SUMMARY:

This report and presentation cover the outcome of a review of key issues that the Council requires to consider in relation to the strategic direction, funding and delivery of Otterpool Park. The presentation includes detail on delivery and financial risks for the Council and emerging recommendations for Cabinet.

REASONS FOR RECOMMENDATIONS:

The report and presentation provide Committee with an opportunity to feedback ahead of Cabinet considering the matter.

RECOMMENDATIONS:

1. To receive and note report OS/23/03.
2. To consider the presentation and provide feedback in order to inform a report to Cabinet.

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.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=4766&Ver=4>

1.3 The second annual update of the Business Plan was submitted by the LLP in February 2023 and subject of a report to Cabinet in April 2023. The scale of the funding requested by the LLP through the Business Plan was a significantly increased scale than the current level of funding approved by the Council.

1.4 Cabinet agreed that Officers undertake 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.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=5140&Ver=4>

2. OTTERPOOL PARK STRATEGIC DIRECTION, FUNDING AND DELIVERY.

2.1 The due diligence and financial assessment undertaken has focussed on the overall strategic direction, funding and delivery of Otterpool Park. This has included support from specialist advisors:

- Local Partnerships were commissioned to conduct an in-depth Governance Review in order to understand where there are opportunities for improvement in governance, and what lessons can be learned from elsewhere.
- A robust financial assessment and due diligence with the support of KPMG and other advisors to the Council.

2.2 The attached presentation and Appendix cover the outcomes to date from the reviews, provide detail on delivery and financial risks for the Council and emerging recommendations for Cabinet. Committee is asked to provide feedback ahead of Cabinet considering the matter.

3. RISK MANAGEMENT ISSUES

3.1 There are no direct risk management implications to note.

4. LEGAL/FINANCIAL AND OTHER POLICY MATTERS

4.1 Legal Officer's Comments (NM)

There are no direct legal implications to note.

4.2 Finance Officer's Comments ()

There are no direct finance implications to note.

4.3 Diversities and Equalities Implications (EG)

There are no direct diversity and equality implications to note.

4.4 Climate Change Implications (EG)

There are no direct climate change implications to note.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Ewan Green, Director of Place
 Telephone: 07783 659864
 Email: ewan.green@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report: None

Appendix - Local Partnerships Governance Review

This page is intentionally left blank



JOINTLY OWNED BY



HM Treasury



FOLKESTONE & HYTHE DISTRICT COUNCIL

OTTERPOOL PARK GOVERNANCE REVIEW

Version No: Draft v2

Issue Date: 13 July 2023



TABLE OF CONTENTS

1	INTRODUCTION	3
1.1	Background.....	3
1.2	Our approach.....	3
1.3	Summary of Key Findings & Recommendations.....	3
2	FINDINGS AND RECOMMENDATIONS	6
2.1	Introduction	6
2.2	Governance Aims.....	6
2.3	Council’s governance structure and shareholder role	7
2.4	Council oversight.....	8
2.5	Appointments to the Board	11
2.6	Directors’ skills and development	11
2.7	Company Board composition	13
2.8	Role of Chair	15
2.9	Role and behaviours of the Board	15
2.10	Entity management	16
2.11	Risk Management	18

1 Introduction

1.1 Background

Folkestone and Hythe District Council (the Council) created a Limited Liability Partnership (LLP) for the development of its garden town, Otterpool Park. The Council is the 100% owner of the LLP. It formed the LLP to deliver its aspirations for Otterpool Park, taking a holistic approach to the development to ensure that housebuilders, commercial, retail and leisure developers and infrastructure partners can focus on construction, marketing and delivery. The role of the LLP includes:

- Leading and co-ordinating development activities and delivery of infrastructure
- Becoming the applicant for the existing planning application and any future submissions
- Facilitating partnerships to promote housing and development opportunities
- Holding and managing land for a range of uses
- Commissioning professional services
- Managing new community infrastructure

It is about to embark on a new phase of development which will represent a significant increase and change in its activity. Outline planning permission was granted on 4 April 2023 for 8,500 units. As the Council approaches this key point in the LLP's development, this is a good opportunity to assess its governance arrangements. The focus is on the LLP, with the Council's own governance arrangements in relation to it also under review. The Council would like to understand where the opportunities for improvements to governance may exist and what lessons have been learned from elsewhere.

1.2 Our approach

Local Partnerships have been commissioned by the Council to undertake a governance review of the Otterpool Park project and its LLP in particular. This report sets out our findings and recommendations on its governance procedures for the Council to consider. This report is not intended to be for wider distribution or circulation.

During March and early April 2023 we carried out the following activities:

- Document review
- Virtual and in-person interviews of key individuals
- Research into similar local authority-owned development companies

1.3 Summary of Key Findings & Recommendations

- The overall goal and vision for a high-quality garden town and the commitment to sensitive and meaningful place making is well understood. Both the LLP and Council officers and politicians share a similar view of its importance to the area.
- However, this high-level vision has not been backed up by a shared and sufficiently detailed understanding of what is needed to deliver this, where the responsibilities lie and what consultation or approvals are needed when, and from whom.



The key findings and recommendations are summarised below.

Finding	Recommendation
<p>There are a number of areas both within the Council's own governance structure and that of the LLP that are not working as well as they could.</p> <p>There is a lack of clarity regarding the relationship between Council and LLP including how the Council as owner wishes to maintain oversight of the LLP through the next phase of delivery.</p>	<p>An overhaul of all governance arrangements, both for the Council and LLP, through a review of Terms of Reference documents, membership and training needs, to promote better challenge and oversight appropriate for the next phase of the project, including:</p> <ul style="list-style-type: none"> • Owners' Committee • Members' Agreement • Oversight and Scrutiny Committee • Audit & Governance Committee
<p>The Council's statutory officers comprising CEO, S151 Officer and Monitoring Officer do not all have the requisite voice of authority in relation to this important project.</p>	<p>Ensure that these officers have a higher profile in relation to the LLP across the Council through greater prominence in appropriate meetings, in certain decision-making activities, and in communications.</p>
<p>The Council has insufficient operational oversight, in particular relating to finance, estate management etc.</p>	<p>Consider additional roles in Finance including Commercial Director and Project Accountant and an operations board to link with the LLP.</p> <p>The Council and the LLP should have a written, clearly costed service contract for estate management and maintenance and other dependencies so that there is a clarity over respective obligations.</p>
<p>The frequency and duration of LLP board meetings is no longer sufficient to make appropriate decisions for the scale of project and level of Council investment.</p>	<p>Implement a board planning cycle including more frequent meetings and extend the duration to enable all matters to be covered satisfactorily.</p> <p>Provide more detail to board members in reports on matters of significance to allow directors to discharge their responsibilities robustly and for the audit trail to demonstrate that robustness.</p>
<p>Decision-making is slowed by a silo approach in the use of multiple sets of advisors.</p>	<p>Connect advisors to view matters holistically e.g. through co-ordinated board presentations to allow full implications to be explored and understood.</p>
<p>Board oversight of LLP staff is unclear.</p>	<p>Introduce a formal annual review of all senior executive appointments and ensure that board approval is sought for all new senior roles.</p>



<p>There is insufficient rigour concerning the annual business plan for the Council to satisfy itself that the LLP is operating correctly.</p> <p>The annual update to the 5-year business plan provides a document with only a partial view which is difficult to scrutinise as a coherent standalone document.</p>	<p>The process for updating the business plan is planned so that there is more opportunity for scrutiny and challenge.</p> <p>The scope and content of the annual business plan needs to be reviewed so the document able to stand up to scrutiny as a coherent document in its own right.</p>
<p>The Board's oversight of risk is insufficient for the scale of project.</p>	<p>A programme of more detailed risk management should be implemented, both Council-side and LLP.</p> <p>The Council's Audit & Governance Committee should have sufficient opportunity to satisfy themselves on related matters regarding the project as it moves to a delivery phase.</p>
<p>There is insufficient reliance placed on internal and external audit advice which could help facilitate better decision-making.</p>	<p>Align audit work more closely to the LLP's activity to enable a more holistic picture.</p>

2 Findings and Recommendations

2.1 Introduction

We have assessed the governance of Otterpool Park LLP against best practice adapted from Local Partnerships' good practice guidance and checklist as set out in the Local Authority Company Review Guidance document. Our recommendations are based on these comparisons. We have also made comparisons to examples of good practice in comparable local authority development companies with which we are familiar as well as lessons learned from the high-profile failures of wholly owned local authority arm's length companies of London Borough of Croydon and the city councils of Nottingham and Liverpool, all of which have been the subject of Public Interest Reports or inspections.

2.2 Governance Aims

Good Practice

Checklist
There should be evidence that the council recognises the importance of good governance which is proportionate to the nature of the entity
There should be evidence of a culture of challenge and clarity of purpose with sufficient freedoms for the entity

Good corporate governance requires accountability, transparency, effectiveness, value, integrity and inclusivity.

Finding	Recommendation
The Council recognises the need for good governance. In the early stages of the company, the current arrangements may have been proportionate to the scale of activity. However, as the company moves into the development phase of its journey, this should be updated and made 'fit for purpose'.	The Council to consider increased governance as set out throughout this document. This is predominantly through the operational side as well as the strategic oversight, striking the right balance between influence and interference.
It is not clear what degree of control the Council wishes to have over the LLP. A benefit of having a company is that it is allowed the freedoms to carry out its activities outside the workings of the Council. However, there is a balance to be struck as the Council must exercise its rights as the owner. Lack of understanding by the LLP of what the Council's thinking is and requirements are, for example the reticence in lending which leads to confusion, potential delay and 'filling in the narrative'.	The Council officers and members should meet to agree and set out in some detail what type of company they want the Otterpool Park delivery vehicle to be and provide sufficient direction so that LLP officers as well as the Board have a clear steer. The Council should review the Members' Agreement and ensure this fits well with the updated view and required degree of control. From this, hold sessions with LLP Board to ensure comprehensive understanding of owner requirements and a clear framework for interaction set out including scheme of delegations



	<p>and key decisions needing approvals; meeting and updating requirements; forward plan; key contracts; communication strategy.</p> <p>Clearly articulate what the owner requires beyond the legal agreement. Consider amendments to the Members' Agreement if required. This is currently dated 2021 and was varied in January 2022.</p>
--	---

2.3 Council's governance structure and shareholder role

Good Practice

Checklist
Clear designated shareholder function with clear Terms of Reference (TORs) and role
Evidence that the individual in the shareholder role is suitably trained and supported
Evidence of regular meetings with paperwork to support which informs the subsequent Board meetings

The Council must have a designated shareholder role to represent its ownership. The process should be set out in the constitution and state how it reports on the exercise of its delegated powers. The role should be to oversee decisions and review and amend as necessary the Council's commercial approach. It should set the expectation in terms of social outcomes and return on investment (ROI) and ensure there is a means of evaluating the effectiveness of the company Board and delivery against the Council's objectives.

Finding	Recommendation
<p>There is an Owners' Committee which acts as the conduit between the LLP and the Council and is the mechanism for the shareholder (represented by elected members and chaired by the Leader) to exercise oversight.</p> <p>Observations of those in attendance have included the following:</p> <ul style="list-style-type: none"> • no major decision making takes place. • it is quite informal and would now benefit from being more robust and detailed. • it is an interrogation rather than a conversation. • it feels rehearsed rather than a proper discussion of what the LLP is doing to meet the Council's objectives. 	<p>Refresh the TORs for the Owners' Committee. This could include the Council giving it the ability to make recommendations to the Council CEO to approve non-strategic matters; for example, minor changes to the business plan and changes to Board appointments.</p> <p>A refreshed Owners' Committee together with the Council's scrutiny function should enable the Council to ensure it is obtaining the necessary assurances that the project is being delivered satisfactorily.</p> <p>It should not be treated as another item of Council business, but as a</p>



	large-scale investment requiring appropriate oversight.
--	---

2.4 Council oversight

Good Practice

Checklist
Scrutiny oversight and approval of business plans
Clear set of KPIs from the business planning process
Senior company staff are performance managed against KPIs
Ongoing assessment of value for money through an adequately resourced monitoring function
Ongoing assessment of risks relating to the entity supported by processes to ensure that risks are managed as part of the council's overall risk management approach with appropriate escalation and reporting

The Council should have a clear and systematic framework which underpins the arrangements for overseeing the entity and ensure its interests are safeguarded. This framework should be underpinned by clear governance principles such as keeping the role of shareholder separate from that of the Board. The Council should regularly undertake an objective assessment of how the entity is working towards its goals. Senior officers should be managed via a framework of KPIs.

Finding	Recommendation
The Council's statutory officers i.e. CEO, s151 Officer and Monitoring Officer do not all have the requisite voice of authority in relation to this important project.	<p>Ensure that these officers have a higher profile in relation to the LLP across the Council with officers and members alike. This will enable the financial and monitoring functions to be given the necessary prominence.</p> <p>Ensuring that a permanent appointment for the s.151 role (it is currently held by an experienced interim) is made will support strong governance. Some of the high-profile failures included in the research were exacerbated by a lack of permanent incumbents in senior roles.</p>
The Council oversight of the LLP suffers from a lack of structured approach to its management of its roles as sole funder/investor and shareholder as well as place shaper. This is because of a lack of available resource to be dedicated to the project from the 'client' side. There is a lot of pressure on the s151 officer who has other priorities across the wider Council. It is a similar position for the Director of Place.	<p>To alleviate pressure on the s151 officer and Director of Place, consider the creation of a small team consisting of an experienced Commercial Director post (at least on a part time and/or fixed term contract) and a Project Accountant with some project management support.</p> <p>It will become increasingly difficult for s151 and Director of Place to perform both their substantive role and also lead in relation to the LLP as it moves into the</p>



	<p>development phase. It may be a challenge to recruit to this role, as was stated in some interviews. A secondment may be one option allowing that person's substantive post in a more generic finance role to be backfilled. These roles would liaise directly with the LLP and help to ensure that LLP finances are transparent and reflected in the Council's own Medium Term Financial Strategy (MTFS) and budget reporting.</p> <p>A Joint Operations Board (or similar) sitting beneath the LLP Board would facilitate better Council oversight. The membership could be heads of service from the Council with Finance and Development staff from the LLP. This Joint Operations Board would discuss operational matters, providing a basis for LLP Board discussions.</p> <p>This should be supported by a performance management framework to monitor progress.</p>
<p>There is no visible role for the Council's Overview and Scrutiny or Audit & Governance Committee in relation to this significant project. If papers are regularly submitted or are on the standing agendas this was not noted by any of our interviewees and the emphasis was very much on business being discussed at quarterly Owners' Committee meetings.</p>	<p>It is usual practice for a council's scrutiny, audit and other committees to have a role in scrutinising and challenging investments which are made on a council's behalf eg. LLPs or development vehicles.</p> <p>Revisit the TORs of these committees in respect of this project to ensure it is sufficiently considered.</p> <p>Members on these committees should be provided with sufficient training to challenge appropriately.</p>
<p>Outside the Owners' Committee meetings, there are communications which take place. Respondents noted that there must not become a 'them and us' situation with some believing that this is already happening.</p> <p>Whilst there is a place for informal meetings, there is a risk that such meetings do not always lead to informed action and progression of outstanding issues which exacerbates a disconnect between Council and LLP. There is also a risk that matters discussed are not</p>	<p>After the provision of clarity in relation to the desired control at 2.2 above, ensure that there are regular meetings between the relevant teams at the LLP and the Council (and/or Joint Operations Board) and that they are documented.</p>



properly recorded and that others are overlooked.	
---	--



2.5 Appointments to the Board

Good practice

Checklist
There should be evidence that a culture exists whereby actual or perceived conflicts are identified and acted upon.
There should be evidence that the appointment to the Board is subject to a documented formal rigorous and transparent procedure based on merit and published objective criteria which also promote diversity.

Council members and officers should be aware of actual as well as potential conflicts of interest when carrying out their roles. Council officers and members also have fiduciary duties towards a council. Situations can occur where the same person is a decision maker or advisor both for the council as well as the entity. When acting as a director of the entity, a council officer or member is obliged to act in the best interests of the entity which can present challenges.

Finding	Recommendation
<p>The current Board comprises four non-executive directors, two elected members and one executive member. There are no Council officers on the Board. This may have been an appropriate cohort when the LLP was set up but now needs to be bolstered.</p> <p>Interviewees felt that there are gaps in the board's collective knowledge, particularly in relation to finance and development skills. An appreciation of how to temper commercial gain alongside sound, sustainable place-shaping skills was absent.</p>	<p>The overall size of the Board is in line with best practice examples which are typically between 6 and 10. However, the mix should be re-considered, adding at least two more independent directors with relevant expertise in the key skills gaps noted.</p> <p>Consideration should also be given to the preferred composition of the Board when current appointments expire. Employing an independent recruiter to ensure that the market is fully tested, and the best possible candidates are appointed. The current cohort should not be discouraged from applying but any renewal should be subject to a robust recruitment process.</p>

2.6 Directors' skills and development

Checklist
There should be documented evidence that Board regularly undertakes a skills audit to ensure an appropriate blend of skills and experience
There should be evidence of ongoing professional training and development to ensure all Board directors are up to date in their understanding and are supported in their roles
Evidence that the directors have sufficient skills and experience to run the entity
Sufficient evidence that directors' behaviours are aligned to the Companies Act requirements.
Scope of directors' authorities should be clear to all parties.



Training should cover legal roles and responsibilities and company directors' roles. The training should include responsibilities under the Companies Act 2006, Insolvency Act; Bribery and Modern Slavery Acts. Data Protection and Health and Safety at Work issues should also be addressed.

The entity should seek a Board that has a range of skills and backgrounds including those from strong commercial and financial backgrounds as well as business development, technology, legal and HR. There should be an annual evaluation of Board committee chair and director performance. It is advisable to have this externally facilitated.

Finding	Recommendation
<p>Board directors noted that there have been some briefings at meetings on specific topics but there has been no formal training provided. They also stated that they did not have training as board directors when appointed and have not had any since.</p> <p>Council members who sit on the Board sometimes receive briefings on specific matters from their officers, which are not available to other board directors.</p> <p>There has been no evidence of evaluation or appraisal of performance of either the Board as a whole or of directors and officers as individuals.</p> <p>This project is a significant undertaking, particularly for a council of this size, and the importance of it could be better recognised.</p> <p>The structure of the LLP requires a stewardship model as there needs to be at least one partner. The stewardship role is currently undertaken by the Director of Place, but this has not been reviewed for some time.</p>	<p>Provide training for the Board on these areas and/or regular refresher and update training.</p> <p>The LLP should ensure that any new Board director receives mandated training and cannot sit on the Board until this training has been completed.</p> <p>The LLP Executive team and Board should have a board cycle with regular programmed sessions with industry experts ahead of key decisions/phases of work.</p> <p>The Council's vision for the LLP should be more clearly articulated and stated in all documentation including the business plan to retain focus.</p> <p>This development is expected to be phased over a long period of time and therefore the overall vision as well as the ambitions for each stage. This vision needs to be developed out of actions arising from 2.2 and then shared and developed with the LLP.</p> <p>Consider the options for the structure of the LLP.</p>



<p>Board members are not assessed for competency as a matter of routine.</p>	<p>Introduce an appraisal system for all directors. The Board should annually review all aspects of Board appointments and share these with the Council.</p> <p>Formalise an approach to succession planning to accommodate the changing nature of the LLP and ensure appropriate skills and experience mix. This is particularly important given that this is a 30-year project.</p> <p>A similar approach to succession planning should be undertaken in respect of the LLP's senior officers.</p>
--	--

2.7 Company Board composition

Good practice

Checklist
<p>There should be evidence that the Board has a diverse membership with collective skills needed to run the entity effectively</p>
<p>There should be evidence that the Board membership is reviewed regularly for composition and fitness for purpose Evidence that the Board has clear policies and procedures to ensure conflicts are identified and acted upon.</p>
<p>There is evidence that the role of exec directors is clearly defined and documented</p>
<p>NEDS are in place to bring an independent judgment to bear on subject matter expertise, strategy performance resources including key appointments and standards of conduct</p>
<p>There is documented evidence that the Board values the role of NEDS and their views are influential in the Board's decisions</p>

Non council appointments should be based on a review of the skills, qualifications and diversity plus any other relevant attributes for the role.

Finding	Recommendation
<p>There is no regular review of the Board composition, however, there is a mix of LLP directors, NEDs and Council members.</p>	<p>Review Board composition on at least an annual basis. This will be important as the development progresses and the nature of the LLP will change.</p> <p>Formalise approach to succession planning to accommodate changes to keep the experience mix appropriate.</p>



<p>The NEDs were appointed in 2019 for a four-year term with an annual remuneration of £10,000 each, including the Chair. The remuneration was set in line with members' allowances and appear in line with the market.</p> <p>The roles appear to have been solely advertised on the Council's website.</p> <p>Some applications were received from individuals who were not known to the Council, but all persons selected to serve on the Board did have a personal connection. As a result, there is no-one on the Board who is completely independent, bringing a different perspective and the candidate market was arguably not properly tested.</p>	<p>Appointments should be more transparent. Clear job specifications should be produced and the roles, advertised publicly, with the help of a recruiter. The interview should include an independent person.</p> <p>Ensure there is a remuneration committee and that all appointments (Board as well as senior appointments) are approved.</p> <p>Documentation in relation to appointments onto a board which are made from previously senior officers of the company in question should be particularly robust and capable of withstanding challenge.</p> <p>Consideration should be given as to whether the 'corporate memory' can be retained via another route or method.</p> <p>Consider the rationale for having elected members on the board as this presents greater potential for conflict.</p> <p>The mechanism for elected member oversight can be achieved through the Owners' Committee. This could be supplemented with a presence on sub-boards where there is a particular area of interest, for example sustainability or education. It could be bolstered through other committees, such as the Overview and Scrutiny Committee.</p> <p>If it is decided that elected members must sit on the LLP Board then strong controls and training should be provided. Given the nature of political posts, succession planning will also be particularly important.</p>
---	--



2.8 Role of Chair

Checklist
Evidence that the chair provides clear Board leadership supporting the directors and CEO and taking account of the shareholder views.

A Chair’s role in securing good corporate governance is vital. Chairs are primarily responsible for ensuring good working of the Board and ensuring all directors are encouraged to discharge their duties effectively.

Finding	Recommendation
The Chair of the LLP needs to be able to provide clear Board leadership; support the directors and CEO and take into account shareholder views.	As a new more active phase of work commences it is important that the skillset and time commitment of the Chair is commensurate with the role and purpose of the LPP as the council’s delivery vehicle.

2.9 Role and behaviours of the Board

Good practice

Checklist
The Board meets regularly to make decisions
Evidence of delivery of strategies and plans including scrutinising key operational and performance information
Evidence of desired culture and behaviours

The Board should operate openly and transparently, meeting regularly (at least quarterly) and have sufficient notice of issues to be discussed and supported by necessary paperwork.

The Board should have processes to confirm how financial issues are to be dealt with including business planning, budgets, financial systems, monitoring and reporting. It should ensure the workforce policies and practices are consistent with company values and supports its long-term sustainable success.

There should be a record of essential functions and matters which are reserved for the Board and cannot be delegated.

Finding	Recommendation
The Board meets four times a year which may have been sufficient in the early stages of the project.	Increase frequency of Board meetings and extend the duration to enable all matters to be covered satisfactorily.
This is now considered insufficient both in terms of frequency and duration to be able to receive the necessary information and make decisions.	As well as the main board meetings, it may be appropriate to create sub-boards on specific matters, for example remuneration, financing of infrastructure or sustainability



	<p>initiatives, the outcomes of which may be fed into the main board.</p> <p>Introduce a formal Board agenda forward planning cycle. Ensure this is complementary to the Council's forward plan of activity and mitigates the risk of delays.</p>
<p>There has not been the opportunity for the Board directors to get to know one another and develop as a group. They do not meet outside the regular quarterly meeting programme. This has been exacerbated by hybrid working and many participants join meetings remotely.</p>	<p>A series of in-person Board Away Days should be arranged to create a greater sense of cohesion and understand how best to work together. It will also encourage a culture of openness and sense of partnership working.</p>

2.10 Entity management

Checklist
There should be a fully documented and approved business plan which reflects the current position of the entity. The changes to it should accord with the trajectories that are apparent from the monthly financial and non-financial performance reports.
The financial transactions in the council's MTFs should accord with the projections in the business plan
Board reports should include clear presentation of the monthly income and expenditure position of the company as well as a cashflow statement and balance sheet
There should be evidence of an annual audit letter from the council's external auditors confirming the degree of confidence they hold in respect of the consolidation or treatment of financial instruments entered by the entity
Documented financial procedures should be available
There should be evidence of an effective internal audit programme

There should be an annual business plan which sets out the objectives and how they will be resourced. It should include:

- A description of the core offering
- Strategy and implementation
- Financial analysis and forecasts
- Operations and management – how it is going to fulfil its purpose, managing supply chain and stakeholders

The business plan and business planning process are critical parts of the governance culture and environment. They are the basis for monitoring financial performance and feed into the medium-term financial planning of the council where it expects a return such as dividends, loan repayments and capital receipts.

Finding	Recommendation
There is a business plan which was approved by the Board in early 2023 which sets out the	Refresh and improve documentation and scheme of delegation;



<p>requested parameters for spend and strategy over the forthcoming period. However, there was judged to be insufficient time allowed to review and comment.</p> <p>No clear forward plan/escalation process is in place. There is a risk that the Board is not fully sighted on the business plan and understands its contents.</p>	<p>improvements to business plan and ensure a forward plan put in place.</p> <p>Ensure that those challenging the business plan, both company and council-side, know how to challenge it, for example utilising specimen questions from Local Partnership's recent guidance on Local Authority Trading Companies.</p> <p>There are a number of arrangements where we understand that the LLP relies on the council to discharge its responsibilities eg. estates maintenance, corporate H&S and some banking and payment processing. These responsibilities should be clearly set out and articulated in written agreements so as to ensure clarity for all parties and manage expectations as to speed of response etc. A charging mechanism to ensure that the Council is not inadvertently subsidising the LLP should also be considered.</p>
<p>Advisors, including internal and external auditors, are used in silos, therefore decisions are prone to being made without considering the full picture.</p>	<p>Consider connecting advisors through the creation of a project team within the Council with advisers in attendance where key debates and decisions need to be made, drawing on their combined experience.</p> <p>In best-practice development companies, advisors typically work together as part of a project team with the council and/or company/vehicle.</p>
<p>Board oversight of the LLP officers is not clear, particularly in relation to the structure and changes to it.</p>	<p>Consider an annual review of LLP officers and ensure that key executive appointments and promotions are subject to board oversight and approved by the Board. Further, an in-depth skills audit should be undertaken in respect of all LLP executive officers to ensure that there is a skill base and sufficient experience to guide the delivery vehicle through the next period of activity. Regular refresh of these as well as formal appraisals should also be undertaken as part of usual company business. Any new senior roles and appointees to them should have Board approval.</p>



2.11 Risk Management

Good practice

Checklist

There should be evidence that the Board understands the risk profile of the organisation

The Board should have ultimate responsibility for risk management within the entity and ensure appropriate risk management arrangements are in place. It should regularly review risks and how they are managed. This may be delegated to another committee to evaluate. The Board should be aware of its appetite for risk and the risk profile of the entity. The Board's approach should be proportionate.

Finding	Recommendation
<p>The Board's oversight of risk is insufficient for the scale of project. For example, risk is not always discussed at meetings. This will become even more critical as the company enters a new phase.</p> <p>It is likely that the LLP will go through different stages and structures over the period of the project. The relationship between the stewardship approach and the legal agreements with the developers will be key here but ultimately any contract will need to be enforced.</p>	<p>A programme of risk management should be implemented. This may include:</p> <ul style="list-style-type: none"> • A joint risk workshop between the Council and the LLP Board at which a common understanding of what the risks are and what mitigation can be taken. Any 'red lines' the Council has, for example in relation to borrowing, may be set out. • Risk management on the agenda at every Board meeting given the new high risk activity phase. • A proposed review of internal controls. <p>Consider control and risk and reward balance and set this out clearly.</p>



Contact details

Vivien Holland, Director, Local Partnerships
Email: vivien.holland@localpartnerships.gov.uk
Tel: 07795 328146

Disclaimer

This report has been produced and published in good faith by Local Partnerships. [Save as to any specific contractual agreement that states otherwise](#), Local Partnerships shall not incur any liability for any action or omission arising out of any reliance being placed on the report (including any information it contains) by any organisation or other person. Any organisation or other person in receipt of this report should take their own legal, financial and/or other relevant professional advice when considering what action (if any) to take in respect of any associated initiative, proposal or other arrangement, or before placing any reliance on the report (including any information it contains).

Copyright

© Local Partnerships LLP 2023



This page is intentionally left blank

Otterpool Park

Strategic Direction, Funding and Delivery

Overview

- Cabinet will receive a report on Otterpool Park in October 2023:

The report will present an update on the project (following on from report C/22/109 to Cabinet in April 2023). The report will detail the outcome of a management review which assessed future strategic funding and delivery options for the project along, including delivery plan proposals for Otterpool Park LLP for the 18 month period to March 2025.

- The purpose of this presentation is to ask Committee to consider a range of key issues in order to inform the report to Cabinet and subsequent decision making.
- OSC input is sought on the overall strategic direction, funding and delivery options for the project.

Contents

1. Background to Otterpool Park, the vision, the role of Otterpool Park LLP and the Council and key decisions taken to date.
2. Current position of the project and key considerations for the Council.
3. Outcomes of a comprehensive Management Review covering:
 1. governance;
 2. strategic direction; and
 3. future delivery & funding options.
4. Emerging recommendations for Cabinet.

Background - Otterpool Park

The vision for Otterpool Park is:

To deliver a next generation garden town of up to 10,000 homes that will provide sustainable living and a healthy economy: provide the best quality of life for existing and future residents and respond to local land scape and character.

<https://www.otterpoolpark.org/vision/>

Background - Otterpool Park

- Phase one of the project focuses on the creation of a new town centre and a new public park - Castle Park, adjacent to Westenhanger Castle. It will provide the first new homes, as well as commercial and retail spaces. Services that will be delivered for the first residents of Otterpool Park; the first primary school, health and community facilities and open green spaces centred around the racecourse lake.

Page 101

<https://www.otterpoolpark.org/vision/masterplan-phase-one/>

- The Planning and Licensing Committee (4 April 2023) resolved to grant outline planning permission for Otterpool Park.

<https://www.otterpoolpark.org/amended-outline-planning-application-approved/>

Background - Otterpool Park LLP

- 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 LLP is a wholly-owned company of the Council. The Members' Agreement establishing Otterpool Park LLP sets out the decisions which the LLP can take and those that require consent of the Council.
- The Council agrees the strategic direction and funding for the LLP. 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.
- The LLP has undertaken a range of activities including: land assembly, planning matters, design of key early infrastructure and community engagement.

Background: Key Strategic Decisions

Timeline of key strategic decisions taken by the Council:

October 2017

Charter for Otterpool Park agreed.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=4383&Ver=4>

May 2020

Establishment of Otterpool Park LLP as Council's delivery vehicle and master developer.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=4766&Ver=4>

January 2021

Otterpool Park LLP 5-year Strategic Business Plan agreed.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=4860&Ver=4>

Background - Key Strategic Decisions

January 2022

1st Annual update to the Strategic Business Plan agreed.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=4950&Ver=4>

February 2023

Agreement to provide in aggregate addition borrowing capacity of up to £119m. This was most recently reaffirmed in the approved General Fund Capital Strategy.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=5138&Ver=4>

April 2023

Agreement to undertake due diligence and a financial assessment of the 2nd draft updated Business Plan prior to consideration of Cabinet.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=5140&Ver=4>

Background - Strategic Funding Decisions

February 2023

- The total agreed funding for Otterpool Park is £119M, comprising:
 - Land Acquisition £44M
 - Working Capital £75M
- The Council's Medium Term Capital Programme includes provision for the loan funding currently up to £75m (as above) from the Council to Otterpool Park LLP to support the project. Interest is charged at 3% above that the Council can borrow from the PWLB.
- The intention is for loan and its interest to be repaid from the proceeds the LLP generate from selling serviced plots of land to the housing developers over the life of the project.

<https://folkestone-hythe.moderngov.co.uk/ieListDocuments.aspx?CId=122&MId=5144&Ver=4>

Current Position - Funding

- The current funding agreed level by the Council for Otterpool Park is up to £119M. To date spend is circa £63M.
- Currently the annual interest charge incurred by Council on borrowing is circa £400k. MRP provision is at a minimum of £1.2M annually as part of the Council's General Fund budget to service that borrowing.
- Ahead of any income generated from land sale receipts, the annual funding requirements of the LLP at the peak debt position in 29/30 is estimated at £9.5M per year which would be funded by the Council through capital borrowing.
- Interest charges and MRP would both rise significantly if this level of borrowing was agreed.
- Over the past 3 years significant external factors (e.g. increased PWLB rates, UK inflationary pressures, COVID) have had a significant impact on this funding allocation and, having been reviewed by the Council S151 Officer, the original funding proposal is **not** now considered affordable.
- Therefore, the financing structure of the LLP needs to change.

Current Position - LLP Business Plan

- The LLP draft Business Plan 203-24 requested the Council agree to a significant increase in the borrowing facility made available.
- The LLP requested that the Council increase its loan facility by an *additional* £80M to £199M to cover peak debt requirements.
- The additional £80M funding request consists of £49M for accelerated land acquisitions and £31M for inflationary cost pressures on infrastructure provision.
- The level of funding sought by the LLP represents an additional 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).
- This level financial commitment presents a significant risk to the Council and Cabinet agreed that further due diligence and a financial assessment be undertaken.

Current Position - LLP Business Plan

- The overall strategic vision for Otterpool Park remains sound and fully supported by the Council.
- Assessment of financial and delivery risk to the Council in the short, medium and longer term is required.
- The LLP needs clear direction from the Council as to its short-term delivery priorities and resources available.
- In lieu of an updated Business Plan being agreed, the LLP has been requested to develop a Delivery Plan for an 18-month period to April 25.
- The Delivery Plan should include a robust cashflow and clear milestones and focus on essential activities related to: (1) land acquisition; (2) planning; and (3) infrastructure design.
- The LLP submitted a Delivery Plan on 12th Sept '23 and this is currently being assessed.

Current Position - Council

- A broad range of due diligence and financial assessment has been carried out which forms an overall Management Review for the new administration. This has focussed on identified delivery and financial risks to the Council, supported by external specialists Local Partnerships and KPMG.
- Homes England continues to support the Council by providing advice on delivery and strategic funding options (as well as being a 10% landowner at Otterpool Park).

The Corporate Risk Register has been updated with an escalated risk to reflect the Council's current position in relation to Otterpool Park. This recognises that achieving the resolution to grant planning approval is a significant milestone and moving into the next phase with a significantly changed context brings substantial financial and delivery risks.

- This risk is assessed as **extreme** and requires mitigation. Please refer to Risks C2 and C3 in the Corporate Risk Register: <https://folkestone-hythe.moderngov.co.uk/documents/s44924/110923%20Corporate%20Risk%20Register.pdf>

Due Diligence - Critical Factors

In carrying out due diligence and financial assessment a range of critical factors have been considered:

- Governance and organisational capacity review of both the Council and Otterpool Park LLP.
- International and UK economic conditions and forecasts.
- Public sector operating environment.
- Otterpool Park LLP Financial Model and approach to Delivery.
- Council's Medium Term Financial Strategy.
- Affordability - including assessment of Minimum Revenue Provision (MRP), PWLB rates, impact on General Fund (revenue consequence of capital borrowing).
- Assessment and mitigation of both Delivery and Financial risk to the Council.

Governance Review (refer to Appendix 1)

- The Council proactively commissioned Local Partnerships to conduct an in-depth Governance Review as the LLP embark on a new phase of activities.
- The Council commissioned the review in order to understand where there are opportunities for improvement in governance, and what lessons can be learned from elsewhere.
- A document review, interviews, a skills audit and desk-based research were carried out in March and April 2023. The review focused on the LLP, with the Council's own governance arrangements in relation to it also under review.
- The review found:
 - The vision for a high-quality garden town and the commitment to sensitive and meaningful place making is well understood. Both the LLP and Council officers and politicians share a similar view of its importance to the area.
 - The high-level vision needs to be backed up by a shared and sufficiently detailed understanding of what is needed to deliver OP with clarity on responsibilities and what consultation or approvals are needed from whom.

Governance Review: Key Recommendations

- Strengthening the Council's Governance and Oversight by improving how the Council holds the LLP to account; revising and strengthening governance and project oversight by Cabinet / Committees.
- Ensuring that Statutory Officers and the Shareholder role have appropriate support and visibility for a project of this scale and nature.
- Ensuring that the Council has sufficient client-side operational capacity and capability to provide robust scrutiny, in particular relating to Finance and Property.
- A wide range of governance improvements for the LLP board to ensure it has the capability, maturity and time to make robust decisions for the project and provides appropriate scrutiny of LLP staff, risk and strategic delivery matters.
- Strengthening the rigor of Business Planning to allow the Council to satisfy itself that the LLP is operating in line with overall objectives.

Governance Review: Action & Next Steps

- F&H DC and the LLP have already started to implement the recommendations via an agreed Action Plan.
- Progress delivering the Action Plan will be reviewed by East Kent Audit Partnership and reported to Members via the Owners' Committee and A&G.
- Steps to strengthen operational governance arrangements have progressed, starting with a new Joint Operations Board to ensure that FHDC and LLP senior leadership teams are sighted on all matters.
- A joint FHDC and LLP Risk Register is being developed to ensure that all key risks are understood and managed effectively with appropriate mitigation in place.
- An Interim LLP Board Chair has been appointed by the Leader and cabinet has agreed additional capacity to enhance the Board with additional skills and expertise.
- An appropriate level of scrutiny for a project of this scale and nature is in the forward plan for Cabinet and Overview and Scrutiny Committee.

Financial Assessment & Due Diligence

A robust financial assessment and due diligence continues with the support of KPMG and other advisors to the Council:

- An assessment of the robustness of the proposed 2023-24 Business Plan, and 18-month Delivery Plan to April 2025.
- A review of the supporting advice from LLP advisors.
- A review of the assumptions made within the business plan, and their sensitivity to market changes.
- Analysis of the Minimum Revenue Provision (MRP) implications of the current funding and delivery strategy, particularly in respect of the necessary further land transactions and enabling infrastructure works.
- A headline assessment of alternative funding and partnering options to mitigate risk.

Financial Assessment & Due Diligence: Key Recommendations

- In the long term, Otterpool Park remains a profitable scheme but project peak debt and capital requirements present a level of risk that is not acceptable nor affordable to the Council.
- Significant contextual factors have impacted on the project over the last 12 months which necessitates a different approach to funding and delivery.
- The Council should consider alternative structures that reduces the Council's exposure to delivery and funding risk, considers MRP affordability, and satisfies its financial return profile (i.e. upfront receipt is secured with a profit share at latter stages).
- The Council's funding and risk appetite needs to be specified, and ensure it is clearly communicated to the LLP.

Financial Assessment & Due Diligence: Key Recommendations

- The Council identifies changes to amend the delivery model to lower the Council's risk and funding requirement, prioritising early payment to the Council for land with the benefit of planning, including sources of third-party expertise and funding capacity.
- The Council assess the approach to delivering the infrastructure - identifying the most appropriate delivery approach for each category of infrastructure, consistent with the Council's Investment Parameters. Each element of works considered whether it is essential for action now, whether it can be transferred to a third party, or whether it can be deferred.
- The Council to work with Homes England to seek support for enabling works, on the basis of economic benefit derived from the project as a whole.

Emerging Recommendations for Cabinet

- To note that a governance review has been completed and that reports will be provided to the Owners' Committee and to Audit & Governance.
- To note the changed economic context and operating environment which requires the Council to amend the delivery approach, addressing significant financial and delivery risks potentially impacting on the Otterpool Park project.
- To agree the outcomes of a strategic funding and delivery review, and the need to attract external funding, expertise and capacity to deliver the project.
- To agree that the Council explores third-party funding (public and/or private sector) on a joint venture basis, reporting the outcome to Cabinet.
- To agree the key principles under which the Council shall seek to secure a joint venture partner.

Proposed Principles of a Joint Venture

- Joint Venture (JV) between the Council and third party on a strategic, site-wide basis.
- JV partner to demonstrate a track record of facilitating development at scale, and a commitment to delivering the vision for Otterpool Park.
- JV partner to share the role, risk and responsibility as Master Developer for the whole site.
- Council retains a significant stake – preferably 51% control.
- JV partner makes a £ contribution to costs already incurred by the Council.
- JV agreement to release an early capital repayment to the Council.
- Future profit / returns to be on a shared ‘risk and reward’ basis.
- Delivery and financial risk to the Council mitigated to an acceptable level of tolerance.

Discussion & Questions

This page is intentionally left blank

This Report will be made public on 18 September 2023



Report Number: **OS/23/02**

To: Overview & Scrutiny
Date: 26 September 2023
Status: Non-Key Decision
Responsible Officer: Andy Blaszkowicz, Director - Housing & Operations
Cabinet Member: Cllr Jim Martin, Leader of the Council

SUBJECT: PRINCES PARADE – REFERRED PETITIONS

SUMMARY:

This report responds to the 2 petitions referred by Council to Overview & Scrutiny Committee (OSC) to remove the hoarding at Princes Parade, and to abandon the development and rewild the site.

Following election of the new administration in May, the work Council Officers are undertaking in response to approval of Cabinet report (C/23/16) in July 2023 to stop the current project and remove the hoarding, addresses the requests of both petitions. This work is outlined in the report.

REASONS FOR RECOMMENDATIONS:

The 2 petitions have been referred to this committee following the Council meetings on 22nd February (Petition A) and 29th March 2023 (Petition B). Council has asked the following of OSC in respect of the 2 petitions:

- Petition A - That the Petition be referred to OSC for their observations before deciding whether to examine the issues raised by the petition.
- Petition B - To examine the issues raised by the petition as part of a future scrutiny programme.

Works being undertaken currently by Officers to remove the hoarding responds to both petitions.

Further updates on progress, and future options for the site are due to be taken back to the Leader/Cabinet in due course.

RECOMMENDATIONS:

1. To receive and note report OS/23/02.
2. No further examination of the issues raised by either Petition A or B by OSC is required, as the current work authorised by Cabinet being undertaken by Officers continues to respond to the requests in both.

1. BACKGROUND

1.1 On 22nd February and 29th March 2023 Council received 2 valid petitions from a resident of the District. In accordance with the petitions scheme, set out in part four of the constitution, petitions which receive more than 250 signatures can be presented to a meeting of Full Council.

1.2 The petition of 22nd February (Petition A) asked for the hoarding along the entire Princes Parade site to be removed. It had a total of 325 signatures. The recommendations from this meeting were:

- To receive and note report A/22/32.
- To consider the options set out in paragraph 2.1 of the report.

Resolved as the preferred option from paragraph 2.1 was, 'the Petition be referred to the Overview and Scrutiny Committee for their observations before deciding whether to examine the issues raised by the petition'.

1.3 The petition of 29th March (Petition B) asked for the development at Princes Parade to be abandoned and the site re-wilded. It had a total of 361 signatures.

- The recommendations from this meeting were: That report A/22/35 be received and noted.
- To examine the issues raised by the petition as part of a future scrutiny programme.

1.4 In December 2022 cabinet agreed to pause the Princes Parade project and just to do the necessary works to implement the planning permission (C/22/73).

1.5 Following the election of the new administration in May 2023, the new Leader instructed Officers to stop all works on the Princes Parade site and consider the removal of the hoarding and termination of any remaining contracts in place associated with the development project.

1.6 Cabinet report (C/23/16) was submitted and approved by Members at the July 2023 meeting. The recommendations that were agreed were:

1. To receive and note report C/23/16.
2. To agree that the environmental and cost estimate reports are funded from the existing Princes Parade implementation budget for 2023/24, in order that the implications of removing the hoarding are fully understood.
3. To authorise the Director of Housing & Operations to terminate any unnecessary contracts outlined in section 4 of the report and negotiate exit fees.
4. To agree that as the analysis concludes, the Leader with consultation with the portfolio holders for finance and for communities, will consider a report which will outline the implications, required actions, costs and budget available to remove the hoarding and consultation next steps.

5. To note that a further report will be prepared for Cabinet in due course following the public engagement on the options for the future use of the site.

2. ONGOING WORK

- 2.1 Following the Cabinet decision taken in July 2023, Officers have been working to remove the hoarding at Princes Parade. Idom Merebrook Limited have been commissioned to carry out a Contaminated Land Assessment which includes reviewing the recent site investigation data in the context of 3 proposals for the site:
 - i) Unrestricted public access to the whole site
 - ii) A fenced, rewilded site with limited public access along existing paths,
 - iii) A mix of rewilded areas and dedicated areas for recreation such as a new play area and informal sports areas.
- 2.2 When the report has been received and analysed by Officers, options for the safe removal of the hoarding and estimated costs of this, which will include necessary works to minimise risks to the public of exposure to the existing contamination, will be reported to the Leader and the relevant portfolio holders as approved in recommendation 4 of the July Cabinet report.
- 2.3 Quotations are being sought for the removal and disposal of the hoarding and new suitable low level fencing which will provide a barrier until future uses of the site are decided upon following consultation.
- 2.4 Further quotations are being sought for improvements to the car park and play area at Seabrook which will be reported back to the Leader and portfolio holders within the above report for consideration.
- 2.5 Officers have terminated outstanding contracts for service connections and the sewer diversion with utility companies.
- 2.6 Officers are also in communication with representatives of the Seapoint Canoe Centre to regularise the lease position of their containers and equipment.

3. RESPONSE TO PETITIONS

- 3.1 The work outlined in section 2 of this report achieves both the requests of petition A and B, for the hoarding along the entire Princes Parade site to be removed and for, the development at Princes Parade to be abandoned and the site re-wilded.
- 3.2 As such, it is not considered necessary for OSC to further examine issues raised by either petition A or B, as long as the work being undertaken by officers continues to fulfil the requests of the petitions.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (EC)

There are no legal implications arising directly from this report.

4.2 Finance Officer's Comments (DL)

Finance has been consulted and has no further comments.

4.3 Diversities and Equalities Implications (AB)

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

4.4 Climate Change Implications (OF)

There are no climate implications arising from this report.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Andy Blaszkowicz – Director Housing & Operations
Telephone: 01303 853714
Email: andy.blaszkowicz@folkestone-hythe.gov.uk

Appendices:

There are no appendices to this report.