

07 October 2021 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 29.09.21

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Improvement & Innovation Advisory Committee

Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Bayley
Cllrs. Abraham, Andrews, Clayton, Eyre, Hogarth, McGregor, Nelson, Pett and Waterton

Agenda

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

	Pages	Contact
Apologies for Absence		
1. Minutes To agree minutes of the meeting of the Advisory Committee held on 24 June 2021, as a correct record.	(Pages 1 - 4)	
2. Declarations of interest Any declarations not already registered.		
3. Actions form previous meeting (if any)		
4. Update from Portfolio Holder		
5. Referral from Cabinet or the Audit Committee (if any)		
6. Budget 2022/23: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	(Pages 5 - 28)	Adrian Rowbotham Tel: 01732 227153
7. LGA Peer Challenge	(Pages 29 - 32)	Lee Banks Tel: 01732 227161

- | | | | |
|-----|---|-----------------|------------------------------------|
| 8. | Stangrove Estate | (Pages 33 - 50) | Detlev Munster
Tel: 01732227099 |
| 9. | Farmstead Drive - Development Proposal | (Pages 51 - 66) | Detlev Munster
Tel: 01732227099 |
| 10. | Work plan | (Pages 67 - 68) | |

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

IMPROVEMENT & INNOVATION ADVISORY COMMITTEE

Minutes of the meeting held on 24 June 2021 commencing at 7.00 pm

Present: Cllr. Fleming (Vice Chairman)

Cllr. Bayley (Vice Chairman)

Cllrs. Abraham, Andrews, McGregor, Pett and Waterton

Apologies for absence were received from Cllrs. Clayton, Eyre, Hogarth and Nelson

Cllrs. Bonin and Osborne-Jackson were also present.

1. Appointment of Chairman

Resolved: That Cllr Fleming be appointed Chairman of the Advisory Committee for 2021/22.

(Cllr Fleming in the Chair)

The Chairman thanked the Committee for his appointment as Chairman, and expressed his congratulations to Charlotte Sinclair on her new position of Democratic Services Team Leader.

2. Appointment of Vice Chairman

Resolved: That Cllr Bayley be appointed Vice Chairman of the Advisory Committee for 2021/22.

3. Minutes

Resolved: That the Minutes of the Improvement and Innovation Advisory Committee held on 25 February 2021, be approved and signed by the Chairman as a correct record.

4. Declarations of interest

There were no additional declarations of interest.

5. Actions from previous meeting

There were none.

6. Referral from Cabinet or the Audit Committee

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Improvement & Innovation Advisory Committee - 24 June 2021

There were none.

7. Update from Portfolio Holder

The Portfolio Holder, and Chairman advised that from September 2021 the Customer Solutions Team would be expanding the hours they were able to take telephone calls from customers to run from 7am to 7pm Monday to Friday. All of the Burlington Mews properties were either sold or had been let. Construction work on 27-37 High Street, Swanley had started and White Oak Leisure Centre was on track.

8. Rural Landowners Forum Update

The Strategic Head of Property and Commercial presented the report which advised that the Rural Landowners Forum was set up with the Council to engage with key rural landowner representatives in the District to understand issues that affected them and the District and inform the development of appropriate strategies, policies and initiatives. The forum was chaired by the Leader of the Council, supported by the Portfolio Holders, and met once a year. The agenda was set by the landowners.

At the most recent meeting the group discussed how landowners could help formulate policy and strategy for the rural economy to bounce back from Covid-19; dealing with antisocial behaviour on private land and rural broadband connectivity. The Committee heard from two rural landowners, Eliza Ecclestone from St. Clere Estate and Sue Green from Montreal Estate, who provided insights as to how the Rural Landowners Forum worked, the value it derives and how the landowners were adopting initiatives that support the Council's agenda in rural land management and conservation, job creation and enterprise development. They also talked about the challenges with recruitment, as well as the opportunities provided for training and self-development.

Members took the opportunity to ask questions from Eliza and Sue, with particular focus on business development opportunities, net zero and affordable homes.

The Committee thanked Eliza and Sue for their attendance at the meeting.

Resolved: That the report be noted.

9. Place Campaign for the District

The Strategic Head of Property and Commercial presented the report which set out the work progressing on the place brand which aimed to support the wellbeing and economic development of the Sevenoaks District. The intention was to create a common brand that could be adapted and used by numerous organisations within the District to promote it as a place live, work, invest and visit. A marketing consultant, Pillory Barn was appointed in February 2021 to prepare a branding strategy, approach and place campaign. A Steering Group was established to provide input into the emerging ideas and concepts.

The Chairman welcomed Miranda Chapman from Pillory Barn who gave a presentation on the emerging place brand for the District. The presentation covered desk research, emerging themes, and next steps including further testing in the coming weeks, and continuing discussions with steering groups and the Rural Landowners Forum.

The Committee took the opportunity to ask questions and discussed the presentation.

The Chairman thanked Miranda Chapman, and colleagues for their attendance.

Resolved: That the report be noted.

10. Re-profiling Capital Programme 2021/22

The Strategic Head of Property & Commercial Services presented the report which sought prioritisation of the Bevan Place Project within the Capital Programme.

In November 2020, Council had agreed a three-year Capital Programme part of which was to facilitate the development of new regeneration schemes for the Council. At the time of preparing the recommendations, high level assumptions were made as to potential projects, indicative costs, and pace of delivery. This resulted in a list of potential projects and envisaged funding allocations, and a projects approval protocol was put in place.

In establishing a three-year Capital Programme it also required the approval of a funding pot that would facilitate the rapid deployment of funds towards projects. However, with different schemes moving at different pace, there was a greater need to draw funds towards schemes that were maturing faster. The realignment of the Capital Programme would provide officers with greater flexibility in delivering the Bevan Place Project at pace.

He answered questions from Members and advised that the Edenbridge project would be continuing but undertaken in the next financial year.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the requirement to create greater flexibility in drawing down funds from the approved Capital Programme, be noted; and
- b) the following recommendation to Cabinet be endorsed -

That £400,000 be vired within the approved Capital Programme to facilitate the delivery of the Bevan Place project as follows:

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Improvement & Innovation Advisory Committee - 24 June 2021

- £330,000 from Edenbridge (This project to be postponed to 2022/23 and be re-profiled as part of the 2022/23 Budget setting process)
- £20,000 from the Sevenoaks Town Centre Regeneration Project
- £50,000 from the “Other Feasibility” allocation.

11. Work plan

The work plan was noted, with an update on corporate projects at the October 2021 meeting.

THE MEETING WAS CONCLUDED AT 8.22 PM

CHAIRMAN

BUDGET 2022/23: SERVICE DASHBOARDS AND SERVICE CHANGE IMPACT ASSESSMENTS (SCIAs)

Improvement and Innovation Advisory Committee - 7 October 2021

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Comment

Also considered by:

- Housing and Health Advisory Committee - 28 September 2021
- People and Places Advisory Committee - 6 October 2021
- Cleaner and Greener Advisory Committee - 12 October 2021
- Development and Conservation Advisory Committee - 19 October 2021
- Finance and Investment Advisory Committee - 4 November 2021

Key Decision: No

Executive Summary:

This report sets out updates to the 2022/23 budget within the existing framework of the 10-year budget and savings plan. The report presents growth and savings/additional income proposals that have been identified which need to be considered (if applicable to this Committee), and requests further suggestions from the Advisory Committees, before finalising the budget for 2022/23.

Informed by the latest information from Government and discussions with Cabinet, it is proposed that the Council continues to set a revenue budget that assumes no direct funding from Government through the Revenue Support Grant or New Homes Bonus. This will result in the Council continuing to be financially self-sufficient.

To achieve this aim and to ensure a balanced budget position over the next 10-year period will continue to be challenging largely due to the uncertainties and ongoing financial impacts of the Covid-19 pandemic.

The budget process will be the same as two years ago as opposed to the shortened process last year. However, we are looking to streamline the process in future years to run from November to February, but this will require changes to the committee meetings schedule.

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No changes have been made to the assumptions at the stage, so the annual budget gap included in this report is £100,000 which relates to the annual savings target. However, it is expected that the gap will increase due to the impacts of homelessness, ongoing Covid-19 impacts and inflationary pressures.

The Advisory Committees will comment on the growth and savings/additional income proposals included in the reports, and their recommendations will be considered by Cabinet as part of the process to remove this gap. By addressing these issues, this Council will once again be in a strong financial position that other councils would aspire to.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext. 7483

Recommendation to each Advisory Committee:

- (a) Advise Cabinet with views on the growth and savings/additional income proposals identified in Appendix E applicable to this Advisory Committee.
- (b) Advise Cabinet with further suggestions for growth and savings/additional income applicable to this Advisory Committee.

Reason for recommendation: It is important that the views of the Advisory Committees are taken into account in the budget process to ensure that the Council's resources are used in the most suitable manner.

Introduction and Background

- 1 The Council's financial strategy over the past seventeen years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives.
 - significantly reducing the back-office function.
 - improved value for money.
 - maximising external income.
 - the movement of resources away from low priority services.
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period, the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders.

- 3 Using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available in future months and current assumptions may need to be updated.
- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the immediate reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 With the Revenue Support Grant provided by Government ceasing from 2017/18 it is important that the council remains financially self-sufficient by having a financial strategy that is focused on local solutions. These solutions include:
 - continuing to deliver financial savings and service efficiencies.
 - growing the council tax base.
 - generating more income.
- 6 The intention of this report is to provide Members of each Advisory Committee an opportunity to give their views on potential growth and savings/additional income items that could be included in the updated 10-year budget that will be presented to Council on 22 February 2022.
- 7 The 'Financial Prospects and Budget Strategy 2021/22 and Beyond' report has been presented to Cabinet to start the budget setting process for 2022/23.

Financial Strategy

- 8 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council continues to adopt a Financial Strategy that embraces the following principles:
 - Remain financially self-sufficient.
 - Be clear about the Council's future financial prospects, with a ten-year budget as an integral part.
 - Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting.
 - Make effective use of reserves and capital receipts.
 - Manage our money carefully, monitor monthly and constantly strive for better value from our spending.
- 9 A two-page summary of the Financial Strategy can be found at **Appendix H**.

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Review of the 10-year Budget Process

- 10 An audit of the 10-year budget process has recently been completed by Mazars (working for Internal Audit) and their findings were that the Council has adequate, effective and reliable controls in place over budget setting and long-term financial planning.

Financial Self-Sufficiency

- 11 The Council's Corporate Plan 2013-2018 set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. The current Council Plan aims to continue with this approach. This means that the Council no longer requires direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.
- 12 This approach was adopted in response to the financial challenges the Country was faced with in bringing its public spending down to ensure it was able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council receiving no Revenue Support Grant from 2017/18.
- 13 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 14 The Council's decision to seek to become financially self-sufficient was subject to scrutiny by the Local Government Associations Peer Challenge of the District Council during December 2013. In their closing letter to the Council, they concluded that they 'fully support that aspiration and given the existing and anticipated squeeze upon public finances this makes much sense'.
- 15 With the Council receiving no Revenue Support Grant from 2017/18 and New Homes Bonus reducing from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to save initiatives and support for the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve an income yield of 3%+ above the Council's average treasury management return (currently 0.1%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 1.7% for 30 years) when externally borrowing, based on an average over ten years. Therefore, using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.
- 16 Cabinet are keen to remain financially self-sufficient which has served the Council well and ensured it is one of the most financially stable local authorities in the country. In the 2020/21 budget, a new target was set to replace reliance on Business Rates income over the coming years. However,

due to the impact of Covid-19 and the greater uncertainty as Government reviews have been deferred, this was not addressed during the 2021/22 budget process but remains a future aim. This ambition will allow this Council to move ahead in the knowledge that this council has the financial resources to provide the services that the district's residents need into the future.

Service Dashboards

- 17 The intention of service dashboards is to provide Members with improved information during the budget setting process to provide context and inform any growth and savings/additional income ideas that Members may put forward.
- 18 The Service Dashboards cover a summary of the services provided, objectives, achievements and opportunities, challenges and risks and performance.
- 19 **Appendix A** contains the Service Dashboard for this Advisory Committee and **Appendix B** contains the budget for those services.

Savings Plan

- 20 **Appendix C** to this report sets out a summary of the savings/additional income and growth items approved by Council since the 10-year budget strategy was first used in 2011/12, which have allowed the Council to deliver a 10-year balanced budget.
- 21 The savings plan requires a total of over £8.2 million to be saved between 2011/12 and 2021/2 which is an average saving of £745,000 per annum.

Current 10-year Budget Position

- 22 The 10-year budget set out in **Appendix D** has been updated from the version agreed by Council on 23 February 2021 by rolling it forward one year
- 23 No changes to assumptions have been made at this stage so the annual budget gap is currently £100,000 which relates to the annual savings target. However, it is expected that the gap will increase due to the impacts of homelessness, ongoing Covid-19 impacts and inflationary pressures.
- 24 The assumptions currently included take into account the latest information available, but a number of assumptions may change before the final budget meeting in February 2022.

Proposed Growth and Savings/Additional Income Items

- 25 Growth items are items that are in addition to non-service issues and risks, such as grant settlements, impacts of economic change and other pressures highlighted in the 'Financial Prospects and Budget Strategy 2022/23 and Beyond' report considered by Cabinet on 7 September 2021.

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- 26 A number of growth and savings/additional income items will be proposed at the Advisory Committees with the aim of achieving the savings/additional income to bridge the budget gap.
- 27 The proposed growth and savings/additional income items relating to this Advisory Committee are listed in **Appendix E** (if applicable).
- 28 Service Change Impact Assessments (SCIAs) contain further details for all proposed growth and savings/additional income items. SCIAs applicable to this Advisory Committee can be found in **Appendix F** (if applicable).

Role of the Advisory Committees

- 29 A training session on the budget process was provided to Members in 2019. If Members require any further training or require any additional details on the content of this report and appendices, please contact Adrian Rowbotham or Alan Mitchell prior to the meeting.
- 30 Views of the Advisory Committees on the growth and savings/additional income items proposed together with any additional suggestions will be considered by Cabinet at its meeting on 9 December 2021.

Process and Timetable

- 31 This report is the second stage of the budget process as shown in the Budget Setting Timetable (**Appendix G**).
- 32 Members will recognise that this is the same budget process as two years ago as opposed to the shortened process used last year. However, we are looking to streamline the process in future years to run from November to February, but this will require changes to the committee meetings schedule.
- 33 Budget Update report will be presented to Cabinet in December and January to provide details of progress made before the Budget Setting report is presented to Cabinet on 10 February 2022.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered.

Challenges and risks are included in the Service Dashboards and each Service Change Impact Assessment (SCIA) includes the likely impacts including a risk analysis.

A separate Risks and Assumptions report will be presented to the Finance and Investment Advisory Committee and Cabinet.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

Individual equality impact assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision-making process is fair and transparent.

Conclusions

The Strategic Financial and Business Planning process has ensured that the Council follows a logical and well considered process and approach in dealing with the many difficult challenges that it has faced. The 10-year budget has further improved this process and helped to ensure that the Council is well placed in dealing with more immediate and longer-term financial challenges.

By becoming financially self-sufficient at an early stage, this Council has become much more in control of its own destiny.

The attached 10-year budget shows that this Council is aiming to continue to be financially stable going into the future with a level of assurance that any council would aspire to.

This budget process will once again be a challenge for a Council that already provides value for money services to a high standard; and ensuring that these proposals lead to an achievable 10-year budget, Members will need to consider the impact on service quality, staff and well-being.

Members' consideration and scrutiny of the relevant services is an essential and key element in the business and financial planning process. If the net total of growth and savings/additional income proposals identified by the Advisory Committees and approved by Cabinet does not reach the £100,000 target, additional savings will be required that may result in service changes, to ensure a balanced budget position.

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Appendices

Appendix A - Service Dashboards relating to this Advisory Committee.

Appendix B - 2021/22 Budget by Service relating to this Advisory Committee.

Appendix C - Summary of the Council's agreed savings plan and growth items.

Appendix D - 10-year budget

Appendix E - New growth and savings/additional income items proposed relating to this Advisory Committee (if applicable)

Appendix F - Service Change Impact Assessment forms (SCIAs) for the new growth and savings/additional income items relating to this Advisory Committee (if applicable)

Appendix G - Budget Setting Timetable

Appendix H - Financial Strategy

Background Papers

Financial Prospects and Budget Strategy 2022/23 and Beyond - Cabinet 16
September 2021

Adrian Rowbotham

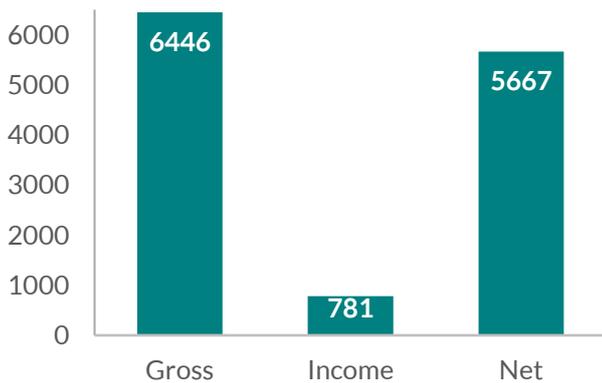
Deputy Chief Executive and Chief Officer - Finance & Trading

Service Dashboard Portfolio for Improvement & Innovation

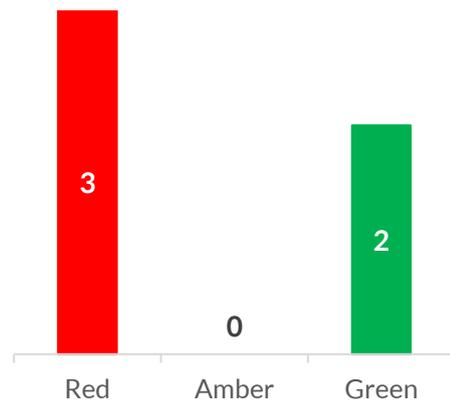
The services we provide

Policy, performance, communications, customer service, business transformation, special projects, digital, workforce, economic development & regeneration, equalities, members, wellbeing

Revenue Budget (£000)



Performance



Service contribution

Statutory service



Income generating



Working in partnership



Council Plan

Wellbeing ✓

Environment ✗

Economy ✓

Housing ✓

Community Safety ✗

Health ✗

Achievements & Opportunities

- Providing a Covid secure workplace and continuing to support our workforce to deliver services throughout the pandemic
- Continuing to grow the Customer Solutions model & launched a three month trial of 7am-7pm telephone service
- Continued to make progress with the Council's Property Investment Strategy
- Construction of the White Oak Leisure Centre and re-development of Meeting Point.

Challenges & Risks

- To deliver the promises set out in the new Council Plan.
- To deliver a new Workforce Strategy for the Council.
- To continue to develop the use of technology and the customer solutions model to improve the customer experience
- To continue to deliver projects within the Council's Property Investment portfolio and other Council owned sites.
- To deliver construction projects in light of the impact of Covid-19 and Brexit on workforce and materials.

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SCIA		Description	2011/12 -	2022/23	Later Years	Total
Year	No.		2021/22	£000	£000	£000
		Cleaner and Greener Advisory Committee				
2021/22	2	Car Parking income inflation 21/22: deferred for one year (reversal of temporary growth item)		(118)		
2021/22	10	Direct Services: new commercial services		(100)		
		Development and Conservation Advisory Committee				
		No savings or growth agreed from 2022/23 onwards				
		Finance and Investment Advisory Committee				
2021/22	13	Property Investment Strategy: Tenant in administration (reversal of temporary growth item)		(96)		
2021/22	17	Internal Audit: ongoing impact of 2019 staff restructure		(8)		
2020/21	10	Insurance contract renewal (reversal of temporary savings item)			87	
		Housing and Health Advisory Committee				
		No savings or growth agreed from 2022/23 onwards				
		Improvement and Innovation Advisory Committee				
2021/22	22	Review efficiency of partnerships		(100)		
2020/21	1	Apprenticeship Levy (reversal of temporary growth item)			(50)	
		People and Places Advisory Committee				
		No savings or growth agreed from 2022/23 onwards				
		Minor movements between years				
		Total Savings/additional income	(8,192)	(208)	87	(8,313)
		Total Growth	2,677	(214)	(50)	2,413
		Net Savings	(5,515)	(422)	37	(5,900)

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	Budget 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27	Plan 2027/28	Plan 2028/29	Plan 2029/30	Plan 2030/31	Plan 2031/32
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	15,581	16,879	16,633	16,967	17,171	17,380	17,643	18,173	18,712	19,258	19,813
Inflation	616	496	503	509	515	522	529	539	547	556	565
Superannuation Fund deficit	0	0	100	0	0	50	0	0	0	0	0
Net savings (approved in previous years)	682	(642)	(169)	(206)	(206)	(209)	1	0	(1)	(1)	0
New growth	0	0	0	0	0	0	100	100	100	100	100
New savings/Income	0	(100)									
Net Service Expenditure b/f	16,879	16,633	16,967	17,171	17,380	17,643	18,173	18,712	19,258	19,813	20,378
Financing Sources											
Govt Support: Revenue Support Grant	0	0	0	0	0	0	0	0	0	0	0
: Lower Tier Services Grant	(98)										
: Local Council Tax Support (LCTS)	(245)										
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(11,443)	(11,836)	(12,366)	(12,786)	(13,182)	(13,589)	(13,982)	(14,384)	(14,798)	(15,222)	(15,657)
Business Rates Retention	(2,182)	(2,226)	(2,271)	(2,316)	(2,362)	(2,409)	(2,457)	(2,506)	(2,556)	(2,607)	(2,659)
Collection Fund Deficit/(Surplus)	17	17	17	0	0	0	0	0	0	0	0
Interest Receipts	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)
Property Investment Strategy Income	(1,468)	(1,508)	(1,558)	(1,558)	(1,558)	(1,655)	(1,655)	(1,655)	(1,696)	(1,696)	(1,696)
Contributions to/(from) Reserves	(337)	(146)	(130)	(572)	226	241	255	271	285	185	148
Total Financing	(15,944)	(15,887)	(16,496)	(17,420)	(17,064)	(17,600)	(18,027)	(18,462)	(18,953)	(19,528)	(20,052)
Budget Gap (surplus)/deficit	935	746	471	(250)	316	43	146	250	305	285	326
Contribution to/(from) Stabilisation Reserve	(935)	(746)	(471)	250	(316)	(43)	(146)	(250)	(305)	(285)	(326)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Assumptions	
Revenue Support Grant:	nil all years
Business Rates Retention:	Business Rates Retention safety-net plus 2% per year
Council Tax:	2% in all years
Council Tax Base:	Increase of 730 Band D equivalent properties p.a. from 22/23, 580 p.a. from 25/26, 480 p.a. from 27/28
Interest Receipts:	£188,000 in all years
Property Investment Strategy:	£1.508m in 22/23, £1.558m from 23/24, £1.655m from 26/27, £1.696m from 29/30
Pay award:	2% in all years
Other costs:	2.25% in all years
Income:	2.5% in all years except for off-street car parks which are an average of 3.5% per annum from 19/20 - 23/24. Note 21/22 Car Parking inflation deferred for one year

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New Growth and Savings/Additional Income Proposals: Improvement and Innovation Advisory Committee

SCIA Year	No.	Description	Year	Ongoing	2022/23 Impact £000	10-year Budget Impact £000
Growth						
2022/23	1	Finance IT system - increase in licence costs and need for maintenance and development	2022/23	Y	20	200
Sub Total					20	200
Savings/Additional Income						
None						
Sub Total					0	0
Net (Savings)/Growth Total					20	200

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SERVICE CHANGE IMPACT ASSESSMENT

SCIA 05 (22/23)

Chief Officer: Jim Carrington-West
 Service: IT
 Activity: Finance - System Support & Development
 No. of Staff: 14.0 FTE (Finance)

Activity Budget Change	2022/23 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Finance system - Increase in licence costs and need for maintenance & development	20	Ongoing

A. Reasons for and explanation of proposed change in service

Following a recent audit by Unit 4 on Agresso licences the budget allocation is not sufficient to fund the existing use or allow for additional licences.

Furthermore, as the Agresso system is further utilised it is necessary to use consultants to implement continued development. Finally, with a system such as Agresso it requires very specific systems knowledge so when issues arise with the system it is necessary to employ consultants to resolve those issues. Currently there is no budget to fund these additional costs which were previously absorbed within the service, but that spare capacity no longer exists

B. Key Stakeholders Affected:

All Council Services

**C. Likely impacts and implications of the change in service
(include Risk Analysis)**

Without the additional budget the council would be in breach of the licence agreement and would be penalised by Agresso. Also, without the budget to employ consultants as needed, the development and therefore how the system supports the Council would be affected

D. Risk to Service Objectives: High

SERVICE CHANGE IMPACT ASSESSMENT**E. 2021/22 Budget (£'000)**

Operational Cost	357
Income	(-)
Net Cost	357

F. Performance Indicators

N/A

G. Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

2022/23 Budget Setting Timetable

Stage 1: Financial Prospects and Budget Strategy 2022/23 and Beyond

7 September - Finance & Investment AC

16 September - Cabinet

Stage 2: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

28 September - Housing and Health AC

6 October - People & Places AC

7 October - Improvement & Innovation AC

12 October - Cleaner & Greener AC

19 October - Development & Conservation AC

4 November - Finance & Investment AC

Stage 3: Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)

9 December - Cabinet

Stage 4: Budget Update (incl. Government Settlement information)

13 January - Cabinet

Stage 5: Budget Update and further review of Service Change Impact Assessments (if required)

January to February - Advisory Committees

Stage 6: Budget Setting Meeting (Recommendations to Council)

10 February - Cabinet

Stage 7: Budget Setting Meeting (incl. Council Tax setting)

22 February - Council

Note: The Scrutiny Committee may 'call in' items concerning the budget setting process.

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Financial Strategy



INTRODUCTION

In the years preceding this Strategy Sevenoaks District Council has proven itself to be highly successful in some of the most austere and challenging times faced by local government. This was only possible because of our award winning financial strategy and the achievement of a self-sufficient balanced budget within our unique 10-year budget framework.

The absolute need and desire to support our local businesses and people in our communities during the Covid-19 pandemic placed an unforeseen and difficult challenge on the Council and its finances. Using our previous experience and following our principles, we acted early, bringing forward our budget setting, making incredibly difficult but necessary savings to maximise the opportunity for a much stronger financial position in the medium to long-term.

Our Financial Strategy enables the Council to deliver its services effectively, in accordance with the priorities set out in the Corporate Strategy. At the same time, it ensures that our spending is prioritised to deliver the promises our Members set out in the **Council Plan themes**:

-  Environment
-  Economy
-  Housing
-  Community Safety
-  Health

OUR FINANCES

Our Vision

Long-term financial health to deliver exceptional services and achieve the promises set out in the Council Plan.

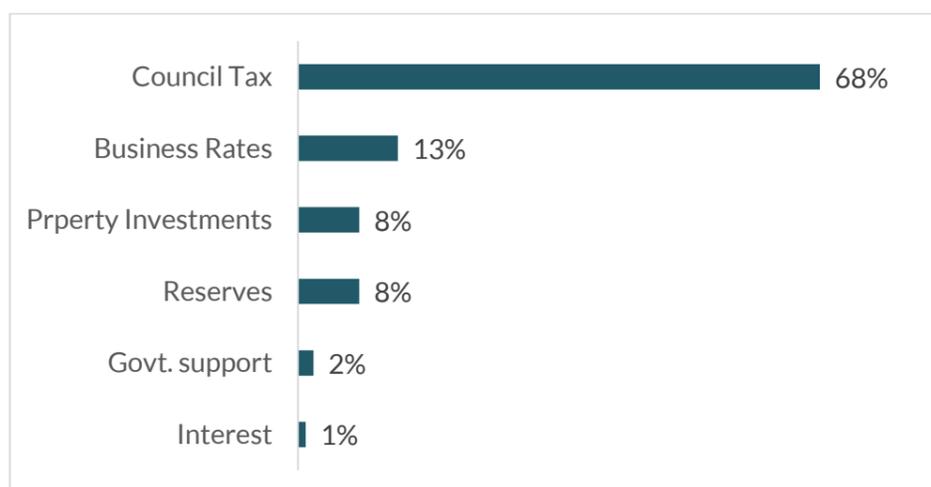
What's important to us:

- Our budget supports the Council's vision and priorities
- Taxpayers and customers receive quality services and value for money
- Innovation, efficiency and cost-effectiveness
- Maximising income from grants and other funding opportunities
- Taking a commercial approach where it will benefit our budgets and our residents and local businesses
- Good quality, risk managed investments to generate more income for local priorities

To be successful, we must:

- Remain financially self-sufficient
- Be clear about the Council's future financial prospects, with a ten-year budget as an integral part
- Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting
- Make effective use of reserves and capital receipts
- Manage our money carefully, monitor monthly and constantly strive for better value from our spending

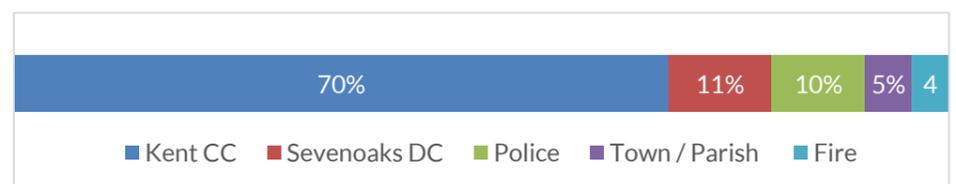
WHERE OUR MONEY COMES FROM



COUNCIL TAX

Sevenoaks District Council collects the Council Tax charge for itself but also for Kent County Council, Kent Fire & Rescue Service, Kent Police & Crime Commissioner and all the local town and parish councils. Each authority sets its own charge that contributes to the total.

Sevenoaks District Council's part of the charge at Band D is £224.91, 11% of the total. Council Tax contributes about £11.4million to District Council services.



WHERE OUR MONEY IS SPENT

In 2021/22 the Council will spend about £16.8million on services for local people

	Cleaner & Greener £5.7m
	Development & Conservation £0.9m
	Housing & Health £1.0m
	People & Places £0.6m

	Finance & Investments £3.1m
	Improvement & Innovation £5.7m
	Other -£0.2m

OUR PRIORITIES | By keeping a focus on our priorities we will deliver our vision

Financial self-sufficiency



No longer relying on direct government funding gives greater certainty to our financial planning. It allows for long-term plans to be developed over our 10-year budget period.

- We will produce high quality financial reports and monitor our budgets every month
- We will address growth items and service pressures annually through the budget planning process
- We will manage inflationary pressures and prudent assumptions about future pressures and keep them under regular review

Savings & reserves



Creating a culture where there is a continuous drive for better value in our spend helps to create savings to balance our budgets. Alongside flexible and effective use of reserves, it allows for sustainable solutions to financial pressures

- We will seek to deliver a minimum of £100,000 in savings annually
- We will regularly review the use of reserves and maintain a minimum balance of 10% of the Net Service Expenditure budget.
- We will make flexible use of the Budget Stabilisation Reserve to increase resilience in the budget setting process

Income & investments



Making best use of the Council's reserves and carefully managed borrowing generates 10% of the Council's annual budget. Seeking new opportunities for funding from grants and investments is increasingly essential to the Council's financial sustainability.

- We will bid for external funding
- We will adopt a commercial approach where it will be of benefit to our budgets and support the delivery of Council priorities
- We will make investments in property and banks and institutions to bring in income to support the delivery of Council services

Delivering our Financial Strategy

Our Financial Strategy is supported by a number of related strategies and an action plan to help us achieve our vision and to deliver the ambitions set out by Members in the Council Plan.

How we work as a team of officers is critical to the success of the organisation and to help us achieve our aims, the Financial Strategy seeks to unite us all behind the same priorities and approach.

The outcomes we hope to achieve and the measures that will help us to determine whether we have been successful are set out below.



Outcomes and success measures

Financial self-sufficiency					
	Financial plans ensure there are no unplanned reductions to Council services		Overall proportion of Council budgets funded by income from council tax does not increase		A balanced 10-year budget is delivered annually
Savings & Reserves					
	Annual savings exceed the £100,000 target whilst continuing to protect services		The General Fund reserves retains at least 10% of the Net Service Expenditure budget		Specific savings agreed as part of the annual budget process are achieved as planned.
Income & Investments					
	Successful bids for external funding generate new income and opportunities for the Council		Income from paid for services is in accordance with budget costs, is comparable to neighbouring authorities and is considered to provide value for money		Treasury Management, Property and commercial investments exceed expected yield

LGA CORPORATE PEER CHALLENGE

Improvement & Innovation Advisory Committee - 7 October 2021

Report of: Chief Executive

Status: For Consideration

Key Decision: No

Executive Summary: This report informs Members of the Council's proposal for a Corporate Peer Challenge to be held between 29 November and 1 December this year.

It summarises the core components of a Peer Challenge, sets out the additional focus areas for the review that are reflective of local priorities and provides information on the process for preparing and undertaking a Peer Challenge.

Portfolio Holder: Cllr. Peter Fleming

Contact Officer: Lee Banks, Ext. 7161

Recommendation to Improvement & Innovation Advisory Committee:

That the proposal to undertake a Corporate Peer Challenge in November this year is noted.

Reason for recommendation: To ensure that Members of the Advisory Committee are informed of the proposal to undertake a Corporate Peer Challenge between 29 November and 1 December 2021.

Introduction and Background

- 1 Corporate Peer Challenges are provided by the Local Government Association (LGA). They are a core element of the sector-led improvement offer to local authorities.
- 2 Peer challenges are managed and delivered by the sector for the sector. They are improvement focused and the scope is agreed with the council and tailored to reflect local needs and specific requirements.
- 3 Since the Council's last Peer Challenge the methodology and level of assurance required has been reviewed. It continues to provide a robust and effective improvement tool and Peers remain at the heart of the challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.
- 4 The council's specific needs, the areas it wants to focus on and the makeup of the Peer team are all discussed and agreed in advance.

Sevenoaks District Council Peer Challenge

- 5 The Council's last Corporate Peer Challenge took place in December 2013. There were a significant number of positive messages in the Peer Challenge Teams findings. They concluded that the Councils success was built on a strong foundation from a planned, determined and sustained focus on doing the right things very well.
- 6 It was initially planned to invite a Peer Challenge Team in to the Council during September 2020. However, the onset of the Covid-19 pandemic led to a pause in the conduct of the reviews. A Peer Challenge Team will be welcomed to the Council for three days, from 29 November to 1 December.
- 7 Each Corporate Peer Challenge has five core components, which focus on the following areas:
 - **Local priorities and outcomes:** Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities and achieving improved outcomes for all its communities?
 - **Organisational and place leadership:** Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
 - **Governance and culture:** Are there clear and robust governance arrangements? Is there a culture of respect, challenge and scrutiny?
 - **Financial planning and management:** Does the council have a clear understanding of its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
 - **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?
- 8 Two further focus areas have been requested to support the Council to deliver on its ambitions. These are housing delivery and Economic Development & Regeneration.

Peer Challenge Team

- 9 The Peer Challenge Team will be led by a Chief Executive from another Council and will be supported by a Peer Challenge Manager from the team at the LGA.
- 10 Additionally the team will include two Councillor Peers, who are Leaders of their own Councils; and a Council Director with significant experience in Regeneration.
- 11 The final member of the Peer Team is still to be confirmed, but is expected to be a Director working in the Civil Service.

- 12 Subject to any changes in the guidance surrounding the pandemic, it is expected that the time will be onsite at the Council Offices during each day of the Peer Challenge.

Preparing for and undertaking a Peer Challenge

- 13 In advance of arriving at the Council the Peer Challenge Team will be provided with information about the Council, its priorities and its progress. This will be in the form of a position statement and an information and data pack, some of the contents of which are recommended by the LGA. Examples of the type of information requested includes the Council Plan, Annual Governance Statement, External Audit Letter and performance indicator information.
- 14 Whilst onsite the Peer Team will meet with a number of Members, Officers, partners and other stakeholders. Approximately 25 sessions will be arranged, and these will be a combination of one-to-one meetings and small focus groups. Where face to face sessions are not possible, remote meetings will be arranged.
- 15 These discussions will inform the Peer Teams' view on the Council's progress and enable them to identify the Council's strengths and areas where they could recommend actions for improvement.
- 16 On the final day (1 December) the Peer Team will deliver verbal feedback of their findings and give the opportunity for clarification and questions. This will be followed by a report detailing the issues considered, the strengths of the council, areas for improvement and key recommendations.
- 17 The council will receive the draft report within three weeks of the Peer Challenge. The Council must then develop a detailed action plan that responds to the report's findings.
- 18 The Peer Challenge report must be published on the Council's website within six weeks of finalisation. The LGA will also publish the report via its website. It is expected that the Council's action plan will be published within eight weeks of the report's publication.
- 19 Six months after the Peer Challenge, the LGA will organise a check-in. This session provides the opportunity to update Peers on progress against the action plan and discuss next steps. The LGA will produce a short note which reflects the council's progress and there is an expectation that this note will also be published.

Other options Considered and/or rejected

None.

Key Implications

Financial

There are no financial implications arising from this report.

Agenda Item 7

Legal Implications and Risk Assessment Statement

There are no legal and risk implications arising from this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

This report informs Members of the Council's proposal for a Corporate Peer Challenge to be held between 29 November and 1 December this year.

The Peer Challenge provides a 'critical friend' and practitioner perspective to highlight the Council's strengths and identify areas for improvement.

Following the three days of the review a report will be published and the Council will develop an action plan to ensure it maximises the benefit of the improvement opportunities that arise from the Peer Challenge.

Appendices

None

Background Papers

LGA Peer Challenge Letter - December 2013

<https://cde.sevenoaks.gov.uk/documents/s15626/14%20-%20Appendix%20A%20-%20%20LGA%20Peer%20Challenge%20Letter.pdf?J=5>

Dr. Pav Ramewal
Chief Executive

STANGROVE ESTATE REGENERATION PROJECT

Improvement & Innovation Advisory Committee - 7 October 2021

Report of: Strategic Head of Property and Commercial

Status: For Decision

Also considered by:

- People & Places Advisory Committee - 7 October 2021
- Cabinet - 14 October 2021
- Council - 17 November 2021

Key Decision: No

Executive Summary: The Council has identified the opportunity to deliver 13 new homes within the Stangrove Estate in Edenbridge. According to the 2016 Household Survey this part of the district has a requirement of 78 new homes per year. The Stangrove estate has several parcels of land which are poorly used, and by developing these sites, the Council will not only contribute to its housing targets, but will also significantly improve the Estate's public realm by providing additional car parking spaces and landscaping improvements to the public open spaces. A new community shop will also be provided in response to the local community's wishes.

Design and feasibility work and other due diligence studies have been undertaken and a planning application for the development was submitted in August 2021. Subject to planning consent being obtained and funding being finalised, it is envisaged that the new scheme will be delivered by Summer 2023. This report seeks Council approval for this new capital project to proceed and for provision to be made within the Capital Programme.

This report supports the Key Aim of: improvements to public realm and infrastructure and meeting housing targets, including much needed affordable housing. The provision of new housing, both market and affordable, is a key priority and pressure for the District.

Portfolio Holder: Cllr. Peter Fleming

Contact Officers: Detlev Munster, Ext. 7099; Adrian Rowbotham, Ext. 7153

Recommendation to People & Places Advisory Committee and Improvement and Innovation Advisory Committee:

That the recommendations to Cabinet below are endorsed.

Recommendation to Cabinet:

That

- (a) it be recommended to Council that the capital funding of the scheme as outlined at paragraph 15 (Project Costs & Funding) be agreed and it be noted that the scheme will only progress subject to the funding gap being eliminated and planning permission being obtained;
- (b) it be recommended to Council that, subject to approval of the approval of the recommendation (a), the development scheme for 7 sites within Stangrove Park, Edenbridge to provide 7 off-street, communal car parks, a new community shop, improvements to landscaping and 13 residential units at an estimated total project cost of £4,312,743, as set out in Table 1 be agreed; and
- (c) subject to approval of the approval of the recommendation (a) by Council, authority be delegated to the Strategic Head of Property and Commercial, following consultation with the Head of Legal Services and the Chief Officer Finance and Trading, to enter into necessary contracts for the funding of the scheme and the disposal of the residential and commercial units.

Recommendation to Council that:

- a) the capital funding of the scheme as outlined at paragraph 15 (Project Costs & Funding) be agreed and it be noted that the scheme will only progress subject to the funding gap being eliminated.
- b) the development scheme for 7 sites within Stangrove Park, Edenbridge to provide 7 off-street, communal car parks, a new community shop, improvements to landscaping and 13 residential units at an estimated total project cost of £4,312,743, as set out in Table 1 be agreed.

Reason for recommendation: To progress the scheme providing new infrastructure, public space improvements and new dwellings in Edenbridge.

Introduction and Background

1. Edenbridge is the main urban settlement in the Western part of the Sevenoaks District. The Stangrove Estate is located on the West side of Edenbridge to the south of the railway line. It is accessed via Crouch House Road. Stanbridge Road and Pine Grove lead into the estate to Cedar Drive, Park View Close and Park Avenue. The estate is characterised by blocks of predominantly two storey terraced houses, which are interspersed with grassed open spaces.
2. The Stangrove Estate was built in the 1960's by the London County Council and was transferred to the ownership of Sevenoaks District Council in 1980. In 1989, the Council's housing stock was transferred to West Kent Housing Association with Sevenoaks District Council retaining the majority of the open spaces.
3. The estate has changed very little since inception when houses were built without dedicated parking spaces, at a time when car use was less prevalent. Cars are parked on estate roads giving an overall impression of congestion and residents and visitors have encroached onto open spaces to park their vehicles. This has significantly resulted in the deterioration of open spaces and reduced open spaces for resident enjoyment and impacted negatively on the area's biodiversity.
4. The development proposal involves six open spaces and the site of the estate's convenience store. Three of the seven sites are being developed for housing, and the remainder will have public realm improvements.
5. The lease for the existing convenience store expired in 01 November 2015 and the tenant has been holding over. New terms are currently being negotiated and consideration is being given to the provision of temporary store facilities while the existing store is being demolished and the new store is constructed.
6. Public consultation was undertaken in January 2018 with local residents and key stakeholders. In addition, the local town council was consulted and the Council's Community Consultation Officer at the time, liaised with local residents. Further discussions were held with the Chair of the Local Residents association in 2020.
7. Local residents expressed concern with the development of additional housing citing limited parking, increased traffic and loss of open space. Other issues raised included the need to re-provide a local convenience store, and potential overlooking and loss of privacy. Resident concerns were taken into account and designs were amended accordingly, including the reduction in the number of residential units, the provision of surplus parking and improvements to the open spaces.

Update on Progress of the Development Scheme

Agenda Item 8

8. The proposed scheme is designed to RIBA stage 3 and submitted to planning control in August (see Appendix A). The scheme comprises:
 - 7 community car parks, to provide 79 car parking bays (a further 23 private bays to be provided with the new dwellings).
 - A mixed use property with a total floor area of 183m². Comprising community shop at ground floor (83m²) and 2 x 1 bed flats at first floor level. Green areas around the shop will be improved and cycle racks introduced. Separate access and outside amenity space to be provided for the flats, with separate servicing for the new shop.
 - 11 x 2/3 bed houses and associated landscape improvements on 2 sites (Park View Close and Cedar Drive). Park View close houses to be arranged as two terraces of 3 houses and at Cedar Drive three pairs of semi-detached houses.
9. The scheme is designed to national space standards, and the unit typologies reflect local need as per the Council's Strategic Housing Needs Study (2017).
10. It is proposed that the Council will retain the freehold of the car parking sites and the shop and the houses will be sold on the open market to generate capital receipts to cover the construction costs of the entire scheme. Some gap funding is likely to be necessary given the extent of the enabling infrastructure to be delivered at no charge.

Procurement

11. The project quantity surveyor will report to officers on the options for procurement. Programme may need to be accelerated to meet Government funding timetables. A single stage Design & Build procurement route with a pre-qualification questionnaire may be the most favourable route. The JCT Design and Build 2016 standard form of contract is likely to be proposed. As the estimated construction works contract value is below the Public Contracts Regulations 2015 threshold, it will not fall within the requirements of PCR2015 tendering procedures. However, a competitive tendering exercise will be undertaken in accordance with the Council's Standing Orders.
12. Given the size of the contract the Council wishes to engage with local SME firms and will seek to engage with local market suppliers and advertise the opportunity accordingly.
13. The demolition of the shop may be under a separate contract with temporary shop provided, subject to detailed design and third party advice on procurement.

Delivery Programme

14. The project's indicative delivery programme assuming planning is granted is outlined in the table below, and is subject to change:

Stage	Date	
Corporate Programme Board	July 2021	Completed.
Planning Application	August 2021	Submitted.
Submit business case to Homes England	September 2021	
People & Places Advisory Committee	5 th October 2021	
Improvement & Innovation Advisory Committee	7 th October 2021	
Cabinet	14 th October 2021	
Full Council	17 th November	
Planning Committee	November 2021	
Contractor Specification and procurement	November 2021	
Contractor Appointment/award	January 2022	
Start on site	March 2022	
House Sales/development completed	Summer 2023	

Project Costs and Funding

15. External consultants were commissioned to advise on the scheme’s cost plan, deliverability and market value. The table below provides a high-level outline of the projects costs.

Cost Element	Amount
Construction & demolition	£3,442,414
Professional & other fees	£454,450
CIL Fee	£103,875
Legal & financing fees	£95,000
Client contingency & inflation allowance	£217,004
Total	£4,312,743

16. The scheme has an estimated GDV of £4.09m which will be realised through the sale of the residential units. Our appraisals suggest that the project is not viable in market terms due to a deficit of circa £300k. The deficit is caused by the cost of infrastructure improvements and enabling works which are a net cost to the scheme. These costs cannot be eliminated as the enabling works are essential and it is believed that without these enabling works a planning consent is highly unlikely.
17. Grant funding is therefore required to ensure the scheme breaks even and discussions are ongoing with Homes England and MHCLG.
18. The majority of the capital requirement (c£4.1m) is to be funded from a mix of internal sources before capital receipts from the sale of houses are realised to recoup construction funding.

Project Governance

Agenda Item 8

19. A Project Team has been set up within the Council and is being supported by external consultants. In particular, the Council has appointed a specialist cost consultancy firm to act as Employers Agent and QS.
20. The Project Team will be adapting PRINCE2 methodologies to manage the project.
21. The Project Team will be reporting to the Corporate Programme Board (CPB), which will have oversight of the project. Monitoring reports (including highlight reports/exception reports, budget monitors and the risk register) will be submitted monthly to the CPB. The CPB consists of senior officers within the Council and is chaired by the Chief Executive.

Key Implications

Other Options Considered and Rejected

22. Do nothing. The Council will not be able to contribute to the delivery of much needed affordable housing in the district and local area. There is a need for more housing in the district generally and at a lower price point compared to Sevenoaks Town, where prices are high not just locally but nationally. Additionally, there are too many cars parked on the Estate's roads with unapproved informal parking on open spaces. This has led to a deterioration of amenity, loss of biodiversity and play space, and an increase in maintenance costs and liabilities. Current congestion on the roads is also compromising access for service and emergency vehicles. Provision of formal parking which is spread throughout the estate, whilst retaining open spaces between the houses is long overdue. The shop is at the end of its economic life and needs to be replaced with a modern facility with a shopfront.
23. An alternative option would be to dispose of the site with planning permission. This option has been ruled out as the planning permission is only implementable with grant and the infrastructure improvements are only likely to be provided by the public sector able to assess/consider community value.
24. Consideration was given to increasing housing densities to increase value and reduce the deficit. Residents expressed resistance to any more additional housing units and discussions with the Planning Authority and the Highways Authority suggested that this would probably not be supported. Our assessments also suggested that an increase in density would also negate any net benefits created through the additional parking spaces created and would lead to further congestion in the area. It would also result in other planning issues, such as overlooking and reduction in open space, which were not considered acceptable.

Financial Implications

25. The scheme is intended to be funded from reserves/debt to be repaid by a combination of capital receipts from the sale of residential units in the scheme and grant.

26. The Table below provides a summary of the scheme funding.

Scheme Funding				
	2021/22	2022/23	2023/24	Total
	£000	£000	£000	£000
Revenue (sale of houses)			3,590	3,590
Retained Assets (shop & 2 x flats)			420	420
Total Revenue/Assets				4,010
Expenditure	(300)	(3,700)	(312)	(4,312)
Funded by:				
OPE Grant/Homes England	300			300
External borrowing		3,700	312	4,012
Total Funding				4,312

27. The 11 residential units will be disposed of in the open market and according to local estate agents, they are estimated to generate a sales receipt of £4,010,000 based on 2020 values. House prices may well be higher when the homes reach the market in 2023. To reduce the project’s cash-flow impact on the Council, off-plan sales will be sought.

28. The shop unit will be retained by SDC under a long lease and the two residential units above will be disposed of to Quercus Housing, the Council’s Housing Company. This will allow the Council to indirectly create and retain two much needed affordable housing units.

29. The funding for this scheme will need to come from external borrowing as cash projections show that there will not be sufficient resource available to fund this internally. The external borrowing will be repaid using the capital receipts from the sale of the houses and therefore short-term borrowing is the cheapest option available. Based on the current borrowing rates (21/09/21) the total cost of borrowing would be £24,000 over 2 years.

30. Gap funding has been applied for and discussions are on-going with Homes England and the One Public Estate Programme.

Legal Implications and Risk Assessment Statement

Agenda Item 8

31. The Council has freehold title of the sites. Appropriate arrangements for the convenience store tenant will need to be made and notices will need to be issued.
32. A planning application has been submitted (21/02825/FUL). The Council will need to obtain further statutory approvals (e.g. building control approval) and these are known to the Project Team. The Council will also need to apply for a footpath diversion, and an application is currently being made.
33. The procurement of a design and build contractor, while below the Public Contract Regulations 2015 thresholds, will need to comply with the Council's Contract Procedure Rules. Legal advice will need to be sought in ensuring the final form of contract is appropriate and provides the Council with the necessary contractual safeguards.
34. The Council will need to comply with the conditions associated with any grants received. The Council is aware of the generality of HE and OPE grant conditions.
35. There are no State Aid implications associated with the proposed scheme.
36. Due diligence assessments have identified that it would be suitable to appropriate the site for Planning purposes including to ensure proper planning. The Council is authorised to appropriate land that it owns under Section 122 of the Local Government Act where no longer required for the purpose for which it was previously held. The Council may not appropriate any land which consists of open space land unless it has published its intention in a local newspaper for at least two consecutive weeks and given due consideration to any responses received. It is intended that, if the development is approved, an appropriation would take place at a later stage.

Risk Assessment

37. A table outlining the key risks relating to this project are outlined in Appendix B.

Equality Assessment

38. The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. A positive impact on end users is, however, anticipated. In particular, it is worth noting that appropriate "equalities requirements" will be specified in the various contracts to be entered into for the demolition and construction of the scheme. In addition, the scheme is designed to promote an inclusive environment, especially for users of the shop, formal car parks and landscaped areas.

Sustainability

39. A sustainability checklist will be completed and a positive impact is anticipated. It is worth noting that the proposed landscaping plans will have a positive impact on biodiversity and by providing formal parking areas, amenity space can be safeguarded.

Conclusion

40. The project will result in the optimisation of Council land for much needed affordable housing and environmental improvements. Stangrove Park has seen very little investment since its inception 60-70 years ago. This scheme brings substantial improvements in the form of communal parking areas within existing green areas, improvements to landscaping, a new community shop and new housing.

Appendices

Appendix A - Plans and Visuals

Appendix B - Outline Risk Assessment

Background Papers

- [Cabinet Report 3 December 2015](#)
- Cabinet Report 06 August 2020
- Project Sustainability Checklist
- [Sevenoaks District Council \(2019\): Emerging Local Plan](#) (as submitted with evidence base to Planning Inspectorate)
- [Planning Permission 19/03543/FUL](#)

The following background documents are exempt from publication. The applicable reason for this redaction is paragraph 3 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information). This is because it could prejudice the returns of a commercial tender that the Council will be undertaking and provides commercially sensitive information.

- Savills (August 2021): Viability Assessment
- Development Appraisal July 2021
- Greenwood Projects (2021): Cost Plan May 2021
- Greenwood Projects (2021): Cost Plan July 2021
- Project Risk Register

Detlev Munster

Strategic Head of Property & Commercial

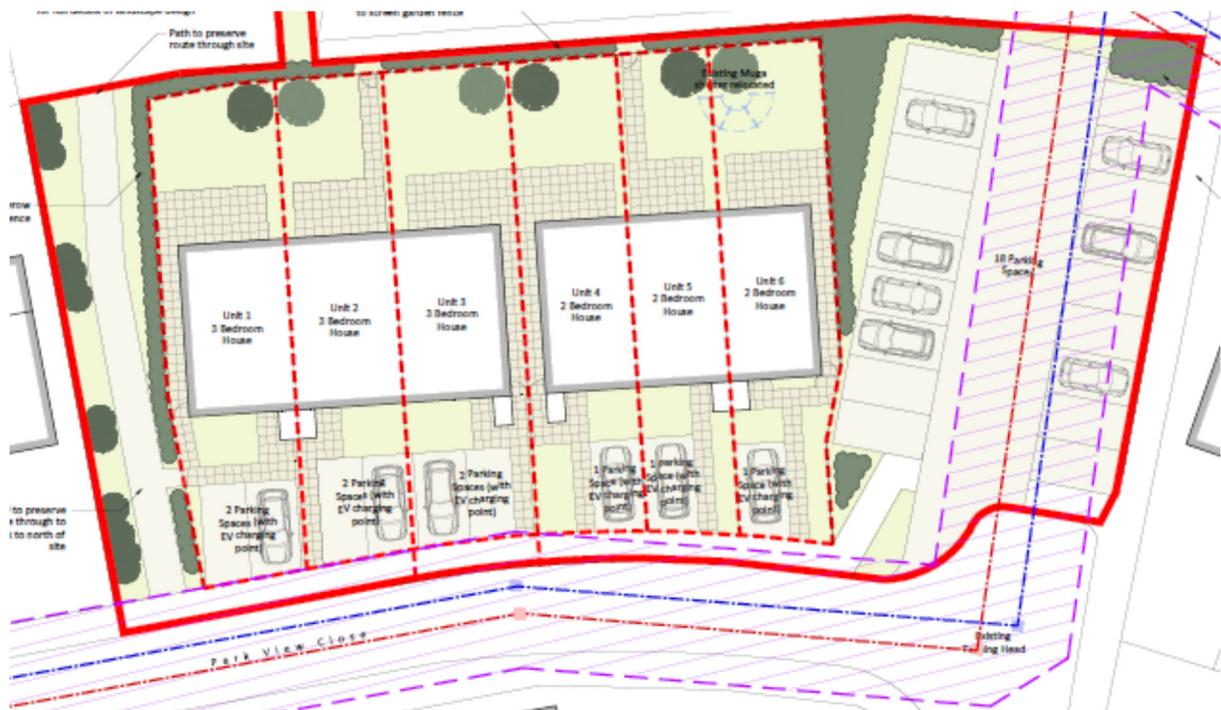
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Appendix A - Proposed Plans and Visuals

7 Sites – 2 x housing sites with communal car parks, 4 communal car parks and a new community shop with two flats at first floor and car parking.



Residential & Parking Proposal (Site 6)

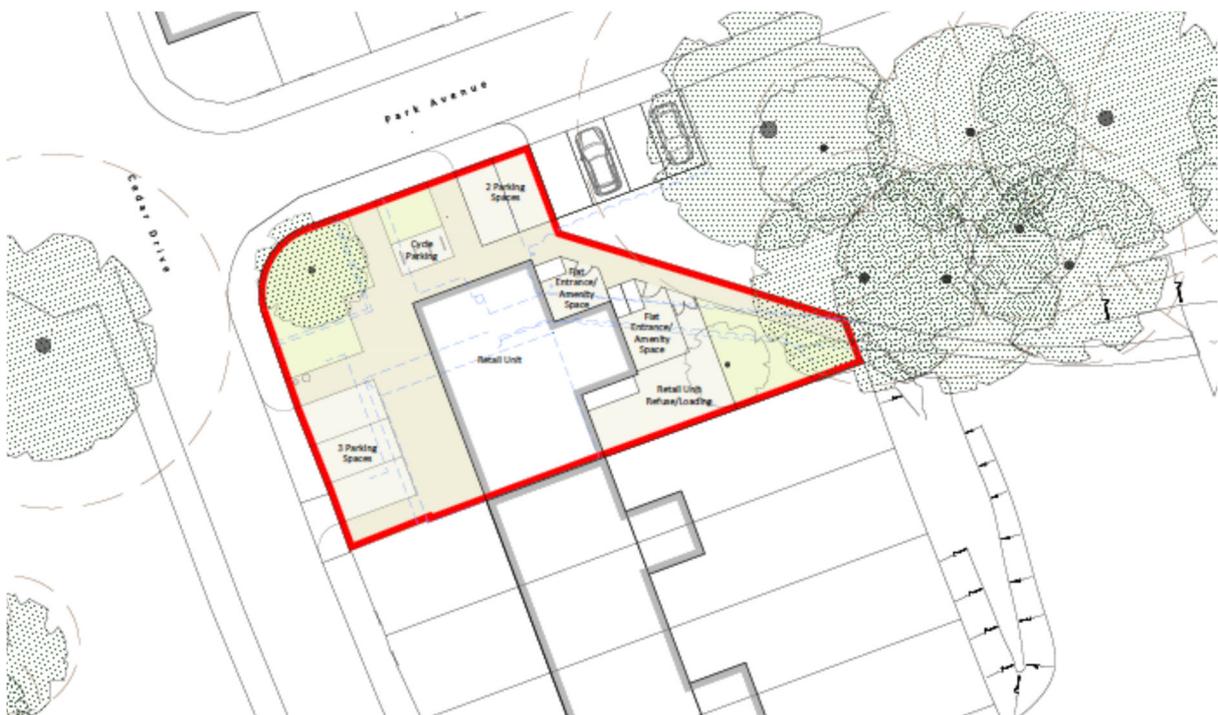


Agenda Item 8

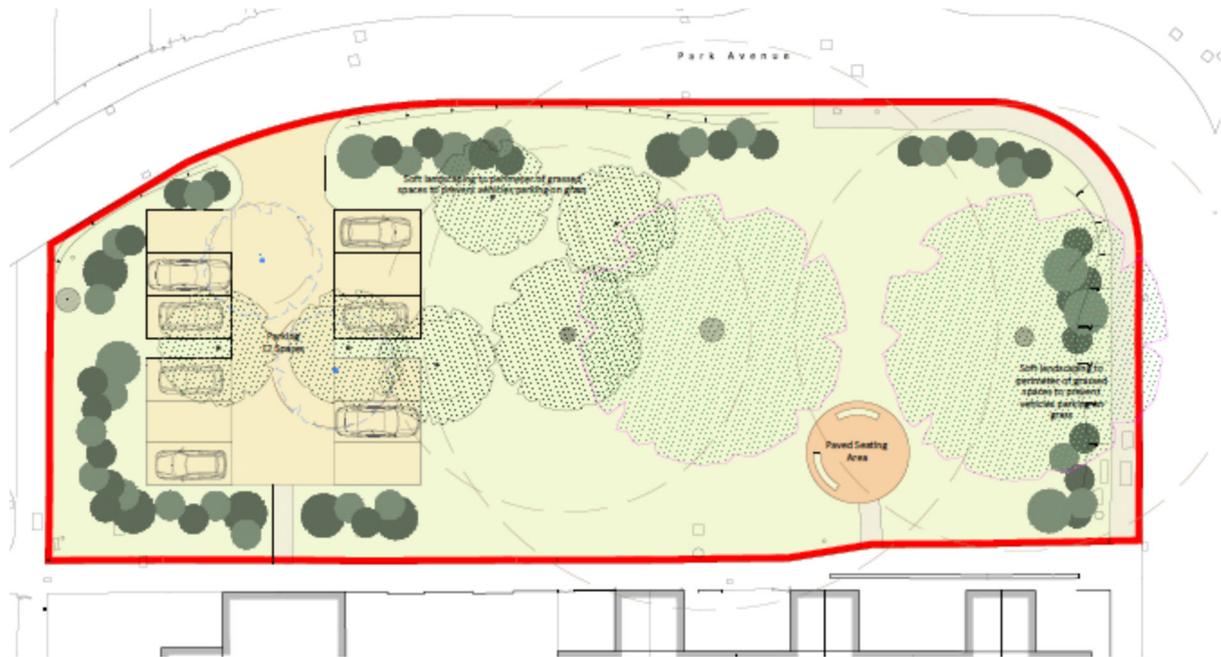
Site 10 - Cedar Drive



Community shop & new parking



Typical Parking Area



Landscape Masterplan



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Appendix B - Outline Risk Assessment

The table below summarises the projects risk register and outlines the key project risks considered relevant for this report.

TYPE	DESCRIPTION	MITIGATION
Finance	Grant funding is not approved.	Early engagement with MHCLG/OPE and Homes England. Decision expected in November 2021. If grant funding is not available, Council may need to consider using Council capital to provide a further subsidy to the scheme or seek S106 and CIL contributions.
Finance	Capital receipts from the sale of the residential units are not achieved.	Residential units are appropriately designed and to be finished for the target market. Intention is to also commence marketing of units as soon as possible to receive achieve off-plan sales. This will allow us to gauge and track market interest. In unlikely event that sales are not achieved, Council will consider issuing AST (place on market for rent) through an appropriate vehicle and delay capital receipts. Estimated capital receipts have also been baselined to 2020 prices. Hence the development appraisal has not indexed capital receipts which market data suggest is in excess of 5% p.a.
Finance	Change in interest rates resulting in a higher cost of capital	Interest rates are at an all-time low and market swap rates suggest that favourable terms can still be locked in.
Planning	Planning consent not obtained.	Pre-planning discussions have taken place with the planning and highways authority. Advice obtained has been incorporated in the scheme. A planning application was submitted in December 2020, and following the response from certain statutory consultees, it was decided to withdraw the application and resubmit a fresh application. This has allowed the Council to comprehensively address concerns and provide additional evidence. The refreshed planning application has significantly de-risked the submission.

Agenda Item 8

Developer	SDC acting as developer is exposed to development risk than in previous capital projects where it has transferred risk by procurement via frameworks and developers.	Ensure adequate resourcing, programming, contingencies and robust project management in place.
Economic/Health	Impact of Covid-19 pandemic, (tender pricing, risk pricing, programme fixing, contractual amendments, availability of labour, availability of materials, onerous sub-contractor conditions), causes additional cost and/or delay to the programme.	Include Covid19 question in PQQ. Provide detailed tender information to assist on risk assessment and mitigation. Close monitoring of Covid-19 as the situation develops. Contingency and inflation allowance provided.
Construction	Capital costs exceed budget due to factors including: construction market tender disinterest, tender risk cover pricing, tender period over Christmas, covid-19 costs.	Given the accelerated procurement programme, a single stage design and build procurement route offers the best balance between cost certainty, programme certainty and quality. Works will be tendered on a firm price basis. Realistic client contingencies in place for unforeseen. Robust change control process in place. Contract includes administration by Employers Agent.
Construction	Delays in scheme approval lead to increased costs due to construction inflation.	Robust information submitted to allow SDC Committees/Cabinet/Council to make timely decisions. Project Contract sum based on programme.
Construction	Problems during ground works (contamination/obstructions/s oil type) exceed allowances causing delay and extra costs.	Detailed ground investigation surveys will be undertaken prior to a contractor being appointed. Realistic contractor and client contingencies in place for unforeseens.
Public opposition	Residents oppose the scheme and prove awkward during construction	Resident consultation to date, as well as residents observations to the withdrawn planning application, notes that the majority of residents remain opposed to the provision of additional housing citing parking/traffic congestion and loss of

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		<p>amenity space. The Council has taken these concerns into account and has adjusted its scheme where appropriate.</p> <p>Should the scheme proceed, appropriate arrangements will be put in place to ensure residents are informed about the construction programme to ensure minimal temporary disruption to residents.</p>
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FARMSTEAD DRIVE, SPITALS CROSS, EDENBRIDGE - DEVELOPMENT PROPOSAL

Improvement & Innovation Advisory Committee - 7 October 2021

Report of: Strategic Head of Property and Commercial

Status: For Decision

Also considered by:

- People & Places Advisory Committee -6 October 2021
- Cabinet - 14 October 2021
- Council - 17 November 2021

Key Decision: No

Executive Summary:

The proposed development site is located on Farmstead Road within the Spitals Cross housing estate in Edenbridge. The estate was built in the 1960's, and the proposed development site is occupied by the local community hall (Fircroft Hall), the Londis convenience store and open space. The site is circa 1 acre (0.42 hectares) and the proposal is to re-provide the community hall, a convenience store, public open space and provide 33 residential units (of which 30% will be affordable) and parking.

The community buildings currently occupying the site are at the end of their economic life/require substantial refurbishment. This presents an opportunity to redevelop the Hall and its facilities and to replace the shop with modern premises, and to provide new housing, including affordable homes. The sale of the residential accommodation would provide capital receipts to pay for these improvements.

Several development options have been prepared and high level development appraisals suggest the preferred option is financial viable and feasible from a planning perspective. This report seeks approval to undertake further feasibility and design work to facilitate the submission of a planning application and to deliver the scheme subject to receiving all the necessary statutory consents.

As this is a new capital project that is not yet accounted for in the Capital Programme 2020/21, and given the estimated project budget, Council approval is required.

This report supports the Key Aim of: improvements to public realm and infrastructure and meeting housing targets, including much needed affordable housing. The provision of new housing, both market and affordable, is a key priority and pressure for the District.

Portfolio Holder: Cllr. Peter Fleming

Contact Officers: Detlev Munster, Ext. 7099

Adrian Rowbotham, Ext. 7153

Recommendation to People & Places Advisory Committee and Improvement and Innovation Advisory Committee:

That the recommendations to Cabinet below are endorsed.

Recommendation to Cabinet:

- (a) it be recommended to Council that the provision of £7,609,620 in the 2021/22 Capital Programme to deliver the scheme which is to be funded as noted in the Financial Implications be approved;
- (b) subject to approval of the approval of the recommendation (a) by Council, authority be delegated to the Strategic Head of Property and Commercial and the Chief Officer Finance and Trading, in consultation with the Cabinet Member for Finance & Investments to proceed with the scheme subject to final scheme viability; and
- (c) subject to approval of the approval of the recommendation (a) by Council, authority be delegated to the Strategic Head of Property and Commercial following consultation with the Chief Officer Finance and Trading and the Head of Legal Services to submit a planning application and to enter into any necessary contracts to facilitate the development and construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential and commercial units.

Recommendation to Council:

That the provision of £7,609,620 in the 2021/22 Capital Programme to deliver the scheme which is to be funded as noted in the Financial Implications be approved.

Reason for recommendation: To provide much needed affordable housing in the district particularly in Edenbridge.

Introduction and Background

- 1 Edenbridge is the main urban settlement in the Western part of the Sevenoaks District. Spitals Cross is located on the east side of the B2026 (Main Road/Station Road), which bisects the town. Farmstead Road is accessed via Fircroft Way which runs through the Fircroft Way industrial estate. The development proposal involves a single site which includes the current community hall (Fircroft Hall), a community shop and playground, together with associated open space.
- 2 Spitals Cross was built in the 1950s/60s by the London County Council and was transferred to the ownership of Sevenoaks District Council in 1980. In 1989, the council housing was transferred to West Kent Housing Association with Sevenoaks District Council retaining the open spaces.
- 3 Spitals Cross' built form is predominantly two storey high residential units. However, to the north of the site, there are two six storey buildings. Accordingly, there is a sharp transition between the six and two storey residential buildings. Proposals under consideration address this imbalance with building heights in between. Larger industrial and commercial buildings lie to the west.
- 4 Community facilities on the site are c.60 years old and are looking tired and dated. The buildings are reaching the end of their economic life and require substantial refurbishment/expenditure. It would be preferable to replace the buildings with modern facilities and to make better use of the site by providing new housing (including affordable), which would not only contribute to meeting local housing need/numbers but also cover the financing of the project.
- 5 The proposed development aims to:
 - re-provide the community hall;
 - meet net-zero commitments resulting in an energy efficient and modern fit-for purpose community hall;
 - re-provide the play area and provide improved amenity space;
 - provide affordable housing;
 - re-provide the convenience store;
 - enhance the urban fabric;
 - provide new parking.

The Proposed Development Scheme

- 6 Several design options were considered for the site and the preferred option (detailed in appendix A) proposes:
 - 33 residential units with 11 affordable housing units (33%)
 - 11 x 1-bed units (5 affordable)
 - 17 x 2-bed units (4)
 - 5 x 3-bed units (2)

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- Community Hall, Convenience Store, new Car parking spaces, Playground, trees, Private gardens, Soft landscaping and Hard landscaping
- 7 This option positions the community hall and store on axis to the towers to the north to address and face the undefined green buffer. The orientation allows for the community hall and store to face and dynamically connect multiple pathways and greenspaces. A new playground is provided adjacent to new family dwellings to allow children to access play-space without crossing roads and enabling passive parental and community supervision. While the scheme's layout is noted in appendix A, it may change slightly to reflect additional planning comments and viability issues that may arise from detailed design planning.
 - 8 The options appraisal suggests that the preferred option is viable from a planning and financial perspective, but further detailed analysis is required to refine the preferred option.
 - 9 Consequently, the next stage will involve the preparation of detailed designs for the site (to RIBA Stage 3) as this level of information is required to not only obtain a planning consent, but also to clarify viability and de-risk the project but to enhance confidence in deliverability.
 - 10 The next stage will undergo a further detailed investment appraisal to determine viability, and will only proceed if it meets the scheme's aims and is within the financial parameters set.
 - 11 Recognising the importance of the community hall for local residents, arrangements will be made to provide residents with a temporary community hall during the demolition and construction phases.

Public Consultation

- 12 To is proposed that the local community and interested parties will be consulted as part of the detailed design process with two key stages:
 - To outline the proposed option and obtain preliminary feedback to inform further design work;
 - To outline the proposed detailed design and to refine the scheme where appropriate.
- 13 Following the pre-planning consultation, further consultation will take place as part of the statutory planning process.

Procurement

- 14 Subject to scheme viability and obtaining the necessary statutory consents, it is envisaged that the scheme will need to be publically procured in accordance with the Public Contracts Regulations 2015.

- 15 The scheme will likely be procured using two or possibly a single stage Design & Build procurement route with a selection questionnaire and JCT Design and Build 2016 standard form of contract.
- 16 The demolition of the community buildings may be under a separate contract

Delivery Programme

- 17 The project’s indicative delivery programme, assuming planning consent is granted, is outlined in the table below, and is subject to change:

Stage	Date	
Corporate Programme Board	July 2021	Completed.
People & Places Advisory Committee	5 th October 2021	
Improvement & Innovation Advisory Committee	7 th October 2021	
Cabinet	14 th October 2021	
Full Council	17 th November	
Planning Submission	April 2022	
Contractor Specification and ITT issued	May 2022	
Planning Determination	August 2022	
Contractor Appointment/award	October 2022	
Start on site	January 2023	
Practical completion	April 2024	

Project Costs and Funding

- 18 An external cost consultant (Playle & Partners) was appointed to advise on the scheme’s costs. The total estimated development cost is expected to be circa £6.3m and the total project cost is £7,609,620. The table below provides a high-level outline of the projects costs.

Elemental Items	Amount
Total Building works including demolitions, abnormals, preliminaries	£4,753,000
Project/Design Team fees	£628,000
Risk & Inflation Allowance	To£1,420,000
Legal & Marketing Fees	£218,044
Financing Fees	£187,942
CIL/S.106	£302,634
Other costs	£100,000

Total	£7,609,620
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- 19 An external property consultant (Pathfinder Development Consultants) was commissioned to determine the schemes viability and advise on residential sales. Pathfinder DC suggests that the scheme has a GDV of c.£9.315m which yields a residual land value of c. £658k. This land value correlates well with Strutt & Parkers suggested benchmark land value of circa £787k bearing in mind the need to replace the community uses on the site. The scheme delivers 30% affordable housing and the financial model assumes a profit margin of 6% on the affordable housing and a profit margin of 12% on market sales. Profit is estimated at c. £1.05m. It is also important to note that the Risk and Inflation allowance includes a robust contingency of £1.42m.
- 20 The capital requirement to cover construction and other development costs is to be funded from external borrowing before capital receipts from the sale of houses to recoup development funding.

Project Governance

- 21 A Project Team has been set up within the Council and is being supported by external consultants. In particular, the Council has appointed a specialist cost consultancy firm to act as Employers Agent and QS.
- 22 The Project Team will be adapting PRINCE2 methodologies to manage the project.
- 23 The Project Team will be reporting to the Corporate Programme Board (CPB), which will have oversight of the project. Monitoring reports (including highlight reports/exception reports, budget monitors and the risk register) will be submitted monthly to the CPB. The CPB consists of senior officers within the Council and is chaired by the Chief Executive.

Other Options Considered

- 24 Do nothing. This option requires the Council to undertake significant refurbishment works to the community hall. A condition Survey was undertaken to establish the nature of the works required and these are estimated at between £40k and £50k. However, this will not result in significant improvements to the building and further works would need to be undertaken to improve the environmental performance of the building and meet the Council's net-zero carbon aspirations. Additionally, landlord improvements would need to be undertaken to the retail unit and these have not been costed. The nature of the TRA's tenancy will mean that should refurbishment works be undertaken, these costs will not be recuperated and hence cannot be funded. The do nothing option also does not release land for much needed affordable housing. Most notably, the District's Strategic Housing Assessment (2017) suggests that this part of the District requires 78 homes a year. A better result will be achieved by

replacing the buildings with modern facilities, to provide some modern housing and to improve the landscaping.

- 25 Alternative design options were considered by our external consultant (LSI Architects) and the preferred option is considered to sit sensitively with the existing estates built context and preliminary views of the Planning Authority were obtained. Additionally, cost plans and feasibility assessments were prepared for the respective options, and the preferred option is considered to optimise site benefits and financial returns for the Council together with 30% affordable housing.
- 26 An alternative option would be to dispose of the site with planning permission. This option has been ruled out as affordable housing together with the re-provision of a community hall, convenience store and environmental improvements would not materialise as a private developer would seek to maximise profits. SDC is able to assess/consider community value not just financial viability.

Risk Assessment

- 27 A table outlining the key risks relating to this project are outlined in Appendix B.

Financial Implications

- 28 The scheme is intended to be funded (ultimately) from capital receipts from the sale of residential units in the scheme.
- 29 The Table below provides a summary of estimated scheme funding, based on feasibility work to date.

Scheme Funding (Est.)	2021/22	2022/23	2023/24	2024/25	Total
	£	£	£	£	£
Expenditure	706,914	2,169,623	4,349,432	383,651	7,609,620
Funding:					
External borrowing	(706,914)	(2,169,623)	(4,349,432)	(383,651)	(7,609,620)
Capital Receipts from sale of residential units				9,315,000	9,315,000
Net scheme (surplus)/cost					1,705,380

- 30 23 residential units will be disposed of in the open market and according to the Council’s property consultant, they are expected to generate a sales receipt of £8.143m. The Affordable housing units are expected to generate

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£1.172m and are discounted to reflect development cost and are in line with current market practice for affordable housing.

- 31 Until the receipts from the sales of the residential units are received, short-term external borrowing will be used to fund the scheme. The potential financing costs are shown within the table in section 18.
- 32 The new retail unit will be retained by the Council and will be let on market terms. The Community Hall will be leased to reflect community benefit, but also to ensure future on-going liabilities are recuperated.
- 33 Consideration will need to be given to the VAT implications of the project. Dependant on the use of some of the elements of the project it may require specific VAT treatment. Further VAT advice will be sought.

Legal Implications

- 34 The Council has freehold title of the site.
- 35 The land is currently occupied by a commercial tenant in the retail premises and a Resident's Association at the community hall. These would each need to be terminated in accordance with the respective procedures prior to any redevelopment. New leases will need to be entered into prior to occupation within the new development.
- 36 The residential units are to be disposed of with 125 year leases on the open market and affordable units sold to a registered provider. As a result, the Council will need to establish a management company to hold the freehold and to manage the communal areas. The scheme will need to be registered with Homes England to qualify for "Help to Buy" which will be essential in this location. Changes to "Help to Buy" mean that it only applies to first time buyers and is due to expire completely in 2023, this may have implications for sales/timing of sales.
- 37 The Council will need to apply for planning consent and obtain all other necessary statutory approvals (e.g. building control approval) and these are known to the Project Team.
- 38 Due diligence assessments have identified that it would be suitable to appropriate the site for Planning purposes including to ensure proper planning. The Council is authorised to appropriate land that it owns under Section 122 of the Local Government Act where no longer required for the purpose for which it was previously held. The Council may not appropriate any land which consists of open space land unless it has published its intention in a local newspaper for at least two consecutive weeks and given due consideration to any responses received. It is intended that, if the development is approved, an appropriation would take place at a later stage.

- 39 The procurement of a design and build contractor, will need to be procured in accordance with the Public Contract Regulations 2015 thresholds, and will need to comply with the Council's Contract Procedure Rules. Legal advice will need to be sought in ensuring the final form of contract is appropriate and provides the Council with the necessary contractual safeguards.
- 40 There are no State Aid implications associated with the proposed scheme.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. A positive impact on end users is, however, anticipated. In particular, it is worth noting that appropriate "equalities requirements" will be specified in the various contracts to be entered into for the demolition and construction of the scheme. In addition, the scheme is designed to promote an inclusive environment.

Sustainability

A sustainability checklist has been completed and a positive impact is anticipated. Please elaborate on net carbon design etc. and also densifying existing settlements.

Conclusion

This dynamic scheme provides new community buildings and homes (including affordable homes) at Spitals Cross which has not seen investment since its inception 60 years ago. It presents a unique regeneration opportunity for Edenbridge that will set a new design and sustainability benchmark for future growth.

Appendices

Appendix A - Appraisal Plans and Layouts
Appendix B - Cost plan and appraisal
Appendix C - Outline Risk Assessment

Background Papers

- LSI (June 2021): Farmstead Drive Options Appraisal

The following background documents are exempt from publication. The applicable reason for this redaction is paragraph 3 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information). This is because it could prejudice the returns of a commercial tender that the Council will be undertaking and provides commercially sensitive information.

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- Playle & Partners (July 2021): Farmstead Drive Options and Feasibility Study Cost Plan
- Pathfinders Development Consultant (July 2021): Farmstead Drive Viability Appraisal
- SDC Legal Services (Mat 2021): Report on Title.

Detlev Munster, Strategic Head of Property & Commercial

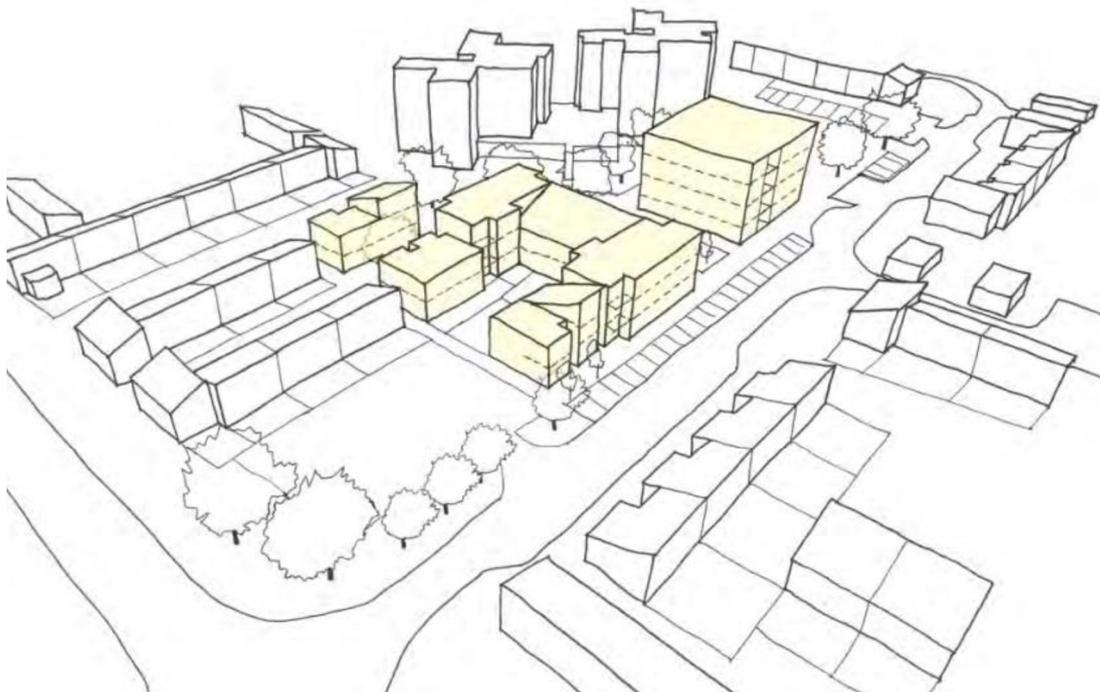
Appendix A: Appraisal Plans and Layouts

No. OF UNITS TOTAL: 30
DENSITY ACROSS SITE A & B: 67 UNITS/ Ha.

Site A - West Kent Housing association
Site B - Sevenoaks District Council
Affordable Housing



INDICATIVE MASSING



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APPENDIX B –Abridged Development Appraisal

Project Budget		
Elemental Items		Amount
Works		
Building, Demolition and site works	4,100,000	
Contractors Prelims	492,000	
Contractors Overhead & Profit	161,000	
		<u>4,753,000</u>
Project Design Fees		
Consultants	380,000	
Main contractor designs	190,000	
Planning Allowance	21,000	
Building Control Allowance	12,000	
Site Investigation	25,000	
Client fees (PM, Comms, Other)	100,000	
		<u>728,000</u>
Risk and Inflation Allowances		
Design development	215,000	
Construction risk	215,000	
Contingencies	500,000	
Inflation	490,000	
		<u>1,420,000</u>
Legal and Marketing		
Marketing & Sales Costs (£500 legals per property	5,500	
Marketing & Sales Costs (£900 legals plus 2% GDV	183,557	
Site Acquisition Costs (SDLT, Agents Fees & Legal	28,988	
		<u>218,044</u>
Finance Cost and Fees (6.5%)	187,942	
		<u>187,942</u>
CIL	302,634	
		<u>302,634</u>
Profit and Overhead		
Overheads & Profit (say 6% on GDV for affordable	70,355	
Overheads & Profit (say 12% on GDV for private u	977,139	
		<u>1,047,494</u>
TOTAL COST		<u>8,657,114</u>

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Appendix C - Outline Risk Assessment

The table below summarises the projects risk register and outlines the key project risks considered relevant for this report.

TYPE	DESCRIPTION	MITIGATION
Finance	Capital receipts from the sale of the residential units are not achieved.	Residential units are appropriately designed and to be finished for the target market. Intention is to also commence marketing of units as soon as possible to receive achieve off-plan sales. This will allow us to gauge and track market interest. In unlikely event that sales are not achieved, Council will consider issuing AST (place on market for rent) through an appropriate vehicle and delay capital receipts.
Finance	Change in interest rates resulting in a higher cost of capital	Interest rates are at an all-time low and market swap rates suggest that favourable terms can still be locked in.
Finance	Correct VAT treatment for this complicated scheme may increase costs.	Expert VAT advice being sought to assess and minimise any financial impact.
Planning	Planning consent not obtained.	Pre-planning discussions will take place with the planning and highways authority and advice incorporated in the scheme.
Developer	SDC acting as developer is exposed to more risk than in previous capital projects where it has transferred risk by procurement via frameworks and developers.	Ensure adequate resourcing, programming, contingencies and robust project management in place.
Economic/H ealth	Impact of Covid-19 pandemic, (tender pricing, risk pricing, programme fixing, contractual amendments, availability of labour, availability of materials, onerous sub-contractor conditions), causes additional cost and/or delay to the programme.	Include Covid19 question in PQQ. Provide detailed tender information to assist on risk assessment and mitigation. Close monitoring of Covid-19 as the situation develops. Contingency and inflation allowance provided.

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Construction	Capital costs exceed budget due to factors including: construction market tender disinterest, tender risk cover pricing, tender period over Christmas, covid-19 costs.	Works tendered on RIBA stage 4 information gives tenderers confidence the design is thorough and coordinated. Realistic client contingencies in place for unforeseen. Robust change control process in place. Contract includes administration by Employers Agent.
Construction	Delays in scheme approval lead to increased costs due to construction inflation.	Robust information submitted to allow SDC Committees/Cabinet/Council to make timely decisions. Project Contract sum based on programme.
Construction	Problems during ground works (contamination/obstructions/s oil type) exceed allowances based on RIBA stage 3 surveys, cause delay and extra costs.	Detailed ground investigation surveys will be undertaken prior to a contractor being appointed. Realistic contractor and client contingencies in place for unforeseens.
Public opposition	Residents oppose the scheme and prove awkward during construction	Officers have commenced the consultation process with a presentation to the Town Council. The Council will take concerns into account and adjust its scheme where appropriate. Should the scheme proceed, appropriate arrangements will be put in place to ensure residents are informed about the construction programme to ensure minimal temporary disruption to residents.

Improvement and Innovation Advisory Committee Work Plan 2021/22 (as at 20/9/2021)

7 October 2021

- Budget 2021/22: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)
- LGA Peer Challenge
- Stangrove Estate
- Farmstead Drive - Development Proposal

25 November 2021

- Place Campaign
- Council Plan
- Street Naming & Numbering

24 February 2022

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Summer 2022

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