



NORTHAMPTON
BOROUGH COUNCIL

CABINET AGENDA

Wednesday, 16 January 2019

The Jeffrey Room, The Guildhall, St. Giles
Square, Northampton, NN1 1DE

6:00 pm

Members of the Cabinet:

Councillor: Jonathan Nunn (Leader of the Council)

Councillor: Phil Larratt (Deputy Leader)

Councillors: Mike Hallam, Tim Hadland, Stephen Hibbert, Brandon Eldred, Anna King and James Hill.

Chief Executive

George Candler

If you have any enquiries about this agenda please contact
democraticservices@northampton.gov.uk or 01604 837722

PORTFOLIOS OF CABINET MEMBERS

CABINET MEMBER	TITLE
Councillor J Nunn	Leader
Councillor P Larratt	Deputy Leader
Councillor M Hallam	Environment
Councillor B Eldred	Finance
Councillor T Hadland	Regeneration and Enterprise
Councillor S Hibbert	Housing and Wellbeing
Councillor A King	Community Engagement and Safety
Councillor J Hill	Planning

SPEAKING AT CABINET MEETINGS

Persons (other than Members) wishing to address Cabinet must register their intention to do so by 12 noon on the day of the meeting and may speak on any item on that meeting's agenda.

Registration can be by:

Telephone: (01604) 837722
(Fax 01604 838729)

In writing: Democratic Services Manager
The Guildhall, St Giles Square, Northampton NN1 1DE
For the attention of the Democratic Services Officer

By e-mail to democraticservices@northampton.gov.uk

Only thirty minutes in total will be allowed for addresses, so that if speakers each take three minutes no more than ten speakers will be heard. Each speaker will be allowed to speak for a maximum of three minutes at each meeting. Speakers will normally be heard in the order in which they registered to speak. However, the Chair of Cabinet may decide to depart from that order in the interest of hearing a greater diversity of views on an item, or hearing views on a greater number of items. The Chair of Cabinet may also decide to allow a greater number of addresses and a greater time slot subject still to the maximum three minutes per address for such addresses for items of special public interest.

Members who wish to address Cabinet shall notify the Chair prior to the commencement of the meeting and may speak on any item on that meeting's agenda. A maximum of thirty minutes in total will be allowed for addresses by Members unless the Chair exercises discretion to allow longer. The time these addresses take will not count towards the thirty minute period referred to above so as to prejudice any other persons who have registered their wish to speak.

KEY DECISIONS

 denotes the issue is a 'Key' decision:

- Any decision in relation to the Executive function* which results in the Council incurring expenditure which is, or the making of saving which are significant having regard to the Council's budget for the service or function to which the decision relates. For these purpose the minimum financial threshold will be £250,000;
- Where decisions are not likely to involve significant expenditure or savings but nevertheless are likely to be significant in terms of their effects on communities in two or more wards or electoral divisions; and
- For the purpose of interpretation a decision, which is ancillary or incidental to a Key decision, which had been previously taken by or on behalf of the Council shall not of itself be further deemed to be significant for the purpose of the definition.

NORTHAMPTON BOROUGH COUNCIL

CABINET





Your attendance is requested at a meeting to be held:
in The Jeffrey Room, The Guildhall, St. Giles Square, Northampton, NN1
1DE

on Wednesday, 16 January 2019

at 6:00 pm.

George Candler
Chief Executive

AGENDA

- 1. APOLOGIES**
- 2. MINUTES**
- 3. INTENTION TO HOLD PART OF THE MEETING IN PRIVATE IF NECESSARY**
- 4. DEPUTATIONS/PUBLIC ADDRESSES**
- 5. DECLARATIONS OF INTEREST**
- 6. THE VULCAN WORKS NORTHAMPTON - UPDATE AND APPOINTMENT OF MAIN CONSTRUCTION CONTRACTOR**
 (Copy herewith)
- 7. ABANDONED SHOPPING TROLLEYS**
(Copy herewith)
- 8. GRAFFITI AND FLYPOSTING POLICY**
 (Copy herewith)
- 9. BUDGET MONITORING: PERIOD 8**
 (Copy herewith)
- 10. LOAN REQUEST**
 (Copy to follow)
- 11. OPPORTUNITY TO REDEVELOP BELGRAVE HOUSE AS AFFORDABLE RENTED HOUSING FOR KEY WORKERS**
(Copy herewith)
- 12. EXCLUSION OF PUBLIC AND PRESS**

THE CHAIR TO MOVE:

“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT.”

SUPPLEMENTARY AGENDA

**Exempted Under Schedule
12A of L.Govt Act 1972
Para No:-3**

13. VULCAN WORKS - PRIVATE APPENDIX (3)

NORTHAMPTON BOROUGH COUNCIL

CABINET

Wednesday, 12 December 2018

PRESENT: Councillor Nunn (Chair); Councillor Larratt (Deputy Chair); Councillors Eldred, Hadland, Hallam, Hibbert and King

APOLOGIES: Councillor J Hill

1. APOLOGIES

Apologies were received from Councillor Hill.

2. INTENTION TO HOLD PART OF THE MEETING IN PRIVATE IF NECESSARY

There were no items to be heard in private.

3. DEPUTATIONS/PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. COUNCIL TAX BASE -2019 -2020

Councillor Eldred, as the relevant Cabinet Member, submitted his report and elaborated thereon. It was explained that one of the most significant proposed changes was the recommendation that the long-term empty property premium of 100% is implemented for properties vacant for over two years.

In response to questions asked by Councillor Beardsworth, Councillor Eldred confirmed that the Council Tax Reduction Scheme would be kept at the current rate. He explained that some fees and charges may increase above the rate of inflation and reported that this may include car parking charges, taxi licenses and bulky waste charges, but a definitive figure had yet to be determined.

Councillor Stone commented that she was largely in favour of the recommendations but had two issues of concern. She stated that the Council were spending large sums of money on cleaning up after students and landlords, who were exempt from paying Council Tax and suggested that student landlords should be contributing something for the clean-up operations. The second issue raised was concerning care-leavers and asked if there could be a scheme whereby care-leavers could be given a reduction up until the age of 25 years old.

Councillor Eldred reported that they would continue to challenge Government on the funding provided. He commented that he would work with the Cabinet Member for Environment and explore ways to tackle the student landlord issue that were financially burdensome to the Council. Councillor Eldred stated that care-leavers could apply for Council Tax Reduction Scheme and the Chief Finance Officer explained that giving an exemption to Council tax to care-leavers would be financially untenable due to the Borough Council having to cover a much larger proportion of the costs compared to the County Council.

Councillor Hibbert commented he would discuss the issue raised by Councillor Stone at a future Landlord forum.

RESOLVED:

- 2.1 That Cabinet recommend to Council to approve the tax base for 2019/20 at 68,418.55 Band D equivalent properties and associated parish tax bases within this report.

'Band D' is used as a denominator value and changes to discounts, exemptions and collection rates will impact on the calculated 'tax base', in addition to any gains or losses in the number of physical properties.

	2018/19	2019/20	Change
Billing	2,761.23	2,804.54	43.31
Collingtree	522.7713	528.47	5.70
Duston	5,521.83	5,562.62	40.79
Great Houghton	290.3029	294.81	4.50
Hardingstone	804.9904	816.31	11.32
Upton	3,015.72	2,723.61	-292.11
Wootton, Wootton Fields & Simpson Manor	2,958.24	2,980.14	21.90
East Hunsbury	3,462.75	3,510.44	47.69
West Hunsbury	1,650.38	1,661.73	11.35
Hunsbury Meadow	505.4516	888.34	382.89
Northampton (Unparished)	45,380.28	46,647.54	1,267.26
Total tax base	66,873.95	68,418.55	1,544.60

- 2.2 That authority be delegated to the Section 151 Officer in consultation with the Cabinet Member for Finance to make any technical adjustments necessary arising out of the Local Government draft settlement which impacts on the tax base, and to confirm, and inform the relevant authorities, the estimated surplus/deficit on the Collection Fund and how much would be attributable to each council, including NBC, after the statutory date of the 15th January 2019.
- 2.3 That the above figures include the movement of properties between Upton and Hunsbury Meadow as part of the boundary change be agreed.
- 2.4 That the detailed breakdown of how the tax base and the associated parish tax bases are calculated is shown as a band D equivalent in appendix 1 be recommended.
- 2.5 That it be recommended that the long-term empty property premium of 100% is implemented for properties vacant for over two years to Council, take effect from the 1st April 2019.

6. LOCAL COUNCIL TAX REDUCTION SCHEME

Councillor Eldred submitted his report and elaborated thereon and noted that he was content with the current rate being continued in to the next financial year.

Councillor Stone stated that she was relieved that the rate would be continuing but questioned the collection rate.

The Chief Finance Officer reported that in-year collections of Council Tax from the Council Tax Reduction (CTR) cohort as of the 31st August 2018 for CTR claimants was 39.93%. He explained that this figure was due to the fact that the Council had collected a little more than

initially anticipated.

RESOLVED:

1. That the recommendation for the Council Tax Reduction Scheme (CTRS) to remain at a 35% reduction in 2019/20 be approved.
2. That Cabinet recommend the CTRS for approval at Council on the 14th January 2019.

7. DRAFT GENERAL FUND MEDIUM TERM FINANCIAL PLAN 2019/20 - 2022/23 AND DRAFT BUDGET 2019/20

Councillor Eldred elaborated on his report and explained that the proposal was to increase Council Tax by 2.99% per Band D property. He noted that Councils were under financial pressures and the proposed increase would ensure the Council is prepared.

Councillor Stone stated that many of the financial pressures faced by the Council came from the increased cases of homelessness, which would continue to rise and questioned what precautions were in place to mitigate. She questioned the saving proposals and asked that they be more fully explained.

Councillor Birch questioned what a Parish Grant consisted of and what the cost was to the individual householder in the Parish.

It was explained to Councillor Birch that the grant was for Borough Council staff supporting Bellinge Community Centre for which they were charged.

Councillor Hadland noted that the budget for the Business Incentive Scheme had previously been £250,000 but as there had been a drop in demand, it was considered that a £50,000 reduction could be absorbed.

Councillor Eldred noted that he was looking at further savings to the Environmental Services contract through the introduction of additional charges. He further explained that with regards to Facilities Management, there were a number of events that were being contracted out which assisted the Council in generating money and protecting the positions of front line facilities staff.

RESOLVED:

- 2.1 That the draft General Fund Revenue budget 2019/20, as summarised in Appendix 1 (of the report), be approved for public consultation.
- 2.2 That the proposed growth and savings options set out in Appendix 2 (of the report) be approved for public consultation.
- 2.3 That the proposed Council Tax increase for 2019/20 of 2.99% per Band D property be approved for public consultation.
- 2.4 That the draft General Fund Capital Programme and Financing 2019/20 to 2022/23, as detailed in Appendix 4 (of the report), be approved for public consultation.
- 2.5 That the draft Capital Strategy as set out in Appendix 3 (of the report) be approved for consultation.

- 2.6 That the draft Treasury Management Strategy as set out in Appendix 5 (of the report) be approved for consultation.

8. HOUSING REVENUE ACCOUNT (HRA) BUDGET, RENT SETTING -2019/20 AND BUDGET PROJECTIONS 2020/21 TO 2022/23

Councillor Eldred, elaborated on his report and explained that the draft capital programme new build programme was expected to deliver over 400 new council homes in the next 3 years. He continued by noting that there would be future borrowing but that this would be a necessity. He reported that there was to be a further 1% discount for council rent-payers.

RESOLVED:

1. That the draft Housing Revenue Account (HRA) budget including charges and rents as detailed in Appendices 1 and 4 (of the report) be approved for public consultation.
2. That the draft HRA Capital Programme and financing, as detailed in Appendix 2 (of the report) be approved for public consultation.
3. That the draft Total Fees proposed for NPH to deliver the services in scope be noted.

Exempt
Appendix A



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	The Vulcan Works Northampton- Update and appointment of main construction contractor
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AGENDA STATUS: Public with Exempt Appendix

Cabinet Meeting Date:	16 th January 2019
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Economy, Assets and Culture
Accountable Cabinet Member:	Cllr Tim Hadland
Ward(s)	Castle

1. Purpose

- 1.1. The purpose of this report is to update Cabinet on the European Regional Development Fund (ERDF) application, the tender exercise and the final model/business case as requested at the 6th December 2017 Cabinet meeting to enable the Cabinet to make an informed decision regarding the future of the Vulcan Works.
- 1.2. To seek approval to appoint the main construction contractor for the Vulcan Works project.

2. Recommendations

It is recommended that:

- 2.1. Cabinet delegates authority to the Head of Economy, Assets and Culture, in consultation with the Borough Secretary and the Cabinet Member for Regeneration to finalise the contract terms and to appoint the main construction contractor for the Vulcan Works project.

- 2.2. Cabinet approves the inclusion in the Capital programme of all resources spent to date and those needed to complete the project (set out at exempt Appendix A).
- 2.3. Cabinet approves the acceptance of the ERDF grant funding in the sum of £3,062,315 and delegates authority to the Head of Economy, Assets and Culture in consultation with the Borough Secretary and Cabinet Member for Regeneration to undertake such actions necessary to enter into the grant funding agreement.
- 2.4. Cabinet approves the continued appointment of Ridge and Partners LLP to provide project management and cost consultancy to support the project.
- 2.5. Cabinet delegates authority to the Head of Economy, Assets and Culture, to appoint the services of a design team for RIBA stage 5 and to enter into a contract, to develop final detailed design ahead of construction (these costs are accounted for within the total project cost);
- 2.6. Cabinet delegates authority to the Head of Economy, Assets and Culture to commence the procurement of an operator through Ridge and Partners LLP to manage the completed Vulcan Works. Cabinet will receive a further report on the outcome of the procurement process and approval for the award of contract.

3. Issues and Choices

3.1. Report Background

- 3.1.1. Cabinet in June 2014 agreed 'in principle' to redevelop the former Vulcan Works into a Creative Industries Hub, to provide new business space for those in the creative and digital sector. Design work was commissioned to inform the Council how this could be achieved. In May 2016, Cabinet considered a further report that took the design in a different direction because at that time it was envisaged that the University of Northampton would be able to relocate their Creative Leather Technology and Leather Conservation Centre within the scheme.
- 3.1.2. Further design work was therefore undertaken with a view to enabling these facilities to be incorporated within the proposed complex, along with lettable business units for SME's. This scheme received the granting of both full planning permission and Listed Building Consent on 12th April 2017.
- 3.1.3. The Council selected a contractor under the SCAPE Framework to design, price and develop the scheme. Unfortunately this produced a price that both exceeded the available budget and due to a significant number of exclusions and qualifications, could not reasonably be taken as a firm price. The Tender left the Council with a potential level of financial risk that officers felt unable to endorse. A cost re-engineering exercise was undertaken, however, the proposed Tender price was not significantly reduced. This introduced delay into the intended programme as officers and consultants acting for the

Council, in conjunction with the University, considered how matters might be taken forward. But given this unforeseen delay, the University came to a view that it needed to make alternative arrangements in respect of the future location for the Creative Leather Technology and Leather Conservation Centre and formally advised the Council that they would not be able to locate their facilities in the complex as envisaged in May 2016.

- 3.1.4. The Council had before it a scheme that exceeded the available budget, a Tender that left the Council short of a position that it could say represented a firm price and the University seeking an alternative solution to locate its Creative Leather Technology and Leather Conservation Centre. Given this officers felt that the only reasonable course of action was not to proceed beyond RIBA Stage 4, to cease work on that scheme/design and to stand the contractor down. Given the provisions within the SCAPE Contract, the Council was not obliged to proceed beyond Stage RIBA Stage 4 in any event. This approach was subsequently considered and endorsed by the Corporate Project Board overseeing the proposed scheme.
- 3.1.5. In December 2017, Cabinet approved the revised approach for the redevelopment of the former Vulcan works to produce business space for new and existing business firms, particularly SME's engaged in the creative and digital sector. The appointments of Ridge and Partners LLP and Amion Consulting Ltd were also approved to review the business case and financial model and to submit an application to the European Regional Development Fund (ERDF) to bridge the funding gap as a result of the University withdrawing from the scheme.

3.2. Progress since 6th December 2017 Cabinet

- 3.2.1. The ERDF application was submitted on 13th April 2018 with the assistance of Amion Consulting Ltd and Underwoods LLP to complete a full and detailed submission. The Council received notification in September 2018 that it had been successful in securing £3.062m towards the development of the Vulcan Works. This funding must be expended within the 2019/20 financial year.
- 3.2.2. A contract notice for the Vulcan Works construction tender was published and tender returns required by 22nd October 2018. A tender analysis and evaluation process has been undertaken to ensure compliance with the Council's detailed requirements both from a technical and financial perspective. Ridge Property and Construction Consultancy have endorsed the recommended tenderer as a compliant submission and suitable for appointment.
- 3.2.3. A financial model has been produced by Amion Consulting to provide a detailed assessment of the Vulcan Works operating figures. This model has been produced with the assistance from Underwoods LLP to inform likely occupancy levels and suitable rental levels of each unit.

3.2.4. The outputs have been reconfigured following the redesign which now accommodates more lettable units, small/large and flexible meeting spaces, café, breakout areas and co-working spaces which have been reviewed and approved through the SEMLEP task group for the Local Growth Funding. Refer to paragraph 4.6 for the primary outputs this scheme will produce.

3.3. Issues

- 3.3.1. Since the December 2017 Cabinet Report, the financial model has been further developed. It is based on Northampton's current and future forecast economic prospects together with the commercial knowledge and assumptions of technical advisors. The model takes into account the local rental market in both the early years as the amount of tenancy increases and on an ongoing basis together with the experience of other similar projects.
- 3.3.2. This report outlines 2 ways of looking at finances in order to assist with decision making. The detailed figures can be found at Appendix A which also contains the breakdown of the current budget position and borrowing requirement. The 2 approaches are as follows;
- 3.3.2.1. Approach 1 concentrates exclusively on the direct finance implications for the Council and does not acknowledge the broader economic benefits to Northampton town centre. The results of this financial modelling do not show a break even position to the Council until 2067 which is after all of the borrowing is repaid.
- 3.3.2.2. Approach 2 looks at a regeneration approach that includes the development of an economic asset, creation of new jobs (both direct and indirect) and assistance for the creation of new businesses. The results of this modelling are very positive as it acknowledges that the Vulcan Works could have a significant impact on the economy as well as the Council having an asset valued in excess of the Council's borrowing requirement. By taking into account the increased value of the asset, the cost of borrowing and repaying the loan are excluded. As a result, breakeven is achieved much quicker and expected within the first 5 years of occupation.
- 3.3.3. If the decision is taken to proceed with the Vulcan Works, it must be noted that the Council would be responsible for all financial shortfalls but would also gain from any surplus regardless of whether approach 1 or 2 is adopted.
- 3.3.4. To be compliant with Local Growth Funding, the Council need to appoint a contractor by February 2019, and commence work on site before the end of March 2019. Failure to do so could result in the withdrawal of funding and the requirement to repay monies already drawn down.

- 3.3.5. There are various routes being explored to further reduce the costs and therefore borrowing required to complete this project including;
- 3.3.5.1. The preliminary sums currently contained within the contract are being clarified. If they are not actually required, this would reduce the final tender price;
- 3.3.5.2. Those items which appear to be relatively high cost or potentially not required, are being investigated with a view to their price reduction or removal respectively;
- 3.3.5.3. The contract sum includes a healthy allowance for construction contingency which should not be utilised in its entirety. Construction prices usually allow for a contingency sum in the range of 5% to 15%. This project is at the higher end of this range at 12%.
- 3.3.6. The Vulcan Works is being set up as a self-funding project, whereby the tenancy income will ultimately repay the borrowing costs. The Amion financial model predicts occupancy rising from 20% in the first year to 90% in year 6. These predictions are believed to be conservative and the possible financial implications and repayment forecasts over potential scenarios are outlined within the exempt financial model Appendix A.
- 3.3.7. There is a need to repair the roof on the existing building regardless of whether or not the site is developed into a Creative Industries Hub. This will cost an estimated £500,000. For clarity, this separate amount is included in the Council's Draft Capital Programme as a standalone scheme. Financial monitoring of the development scheme takes this situation into account.
- 3.3.8. There is an outstanding contribution of £400,000 from the University of Northampton (UoN) for the previous scheme design that is being sought.

3.4. Choices (Options)

- 3.4.1. Cabinet could choose not to proceed with the recommended construction contractor at this point and look to value engineer the scheme to bring construction costs down. This option would require a significant re-design processes applying pressure to the project team, associated costs and a revision of the business case. This option would also result in programme delays which in turn would put at risk both the SEMLEP LGF monies of £6.3m by not appointing the main contractor and starting on site in March 2019, and the £3.062m ERDF funding which requires expenditure within 2019/2020 financial year. In this event, the project would become unaffordable to the Council and therefore would also result in the loss of economic outputs the project would have created. This option is not recommended.
- 3.4.2. Cabinet could choose to bring the project to a close and only undertake those works which are necessary, such as the final asbestos removal works and the repairs to the roof. The cost of these works are included within the draft Capital Programme which are subject to further approval. This option would not secure the LGF and ERDF funding. The value of the completed scheme

as currently designed is estimated at £7.452 m and this economic opportunity would be lost. This option is not recommended.

- 3.4.3. Cabinet could choose to approve the appointment of the main contractor and proceed with the project. This option is recommend to ensure the external funding committed to this project through the Local Growth Fund and the European Regional Development fund is secured along with the opportunities of the economic outputs as reported throughout the Project.

4. Implications (including financial implications)

4.1. Policy

- 4.1.1. A re-developed Vulcan Works would positively contribute to the delivery of both SEMLEP's recently announced Strategic Economic Plan (2017), to the achievement of economic growth outlined in the Cambridge – Milton Keynes – Oxford Corridor and, to the Council's own Economic Development Strategy (2008). It would, in particular, promote the continued development of the Cultural Quarter and also contribute to the achievement of Enterprise Zone economic development targets.

4.2. Resources and Risk

- 4.2.1. There are a number of financial risks associated with the project relating to both capital and revenue expenditure. They are identified in the following paragraphs.
- 4.2.2. Should the scheme not proceed for any reason, then the costs incurred from May 2014 to date of approximately £2.5m for design and enabling works, would need to be accommodated within the Council's programme. It should be noted, some of that expenditure has been used to develop the site for development and therefore will have benefitted the Councils asset ready for construction; for example the demolition of Amalgamated Tyres, archaeological works completed and the removal of asbestos on site.
- 4.2.3. The approved capital budget available for the project includes £6.3m Local Growth Funding that attached to it has a requirement to commence on site by March 2019, and a further £3.062m European Regional Development Funding which is required to be expended in 2019/2020. Failure to adhere to the funding criteria could result in the withdrawal of these funds and therefore result in the unaffordability of the Project to the Council. These criteria are contained within the written agreements and cannot be changed.
- 4.2.4. There is a risk that the building may not be occupied as quickly as anticipated or that the anticipated rentals are not achieved. This risk has been mitigated, in so far as it is possible to do so, by taking expert external advice about what the local market is reasonably likely to bear and incorporating these assumptions into the underlying financial modelling for the scheme.

4.2.5 In order to deliver the financial performance that is expected and necessary for the project to repay the borrowing required, the Council will need to procure an operator for the building. Getting suitably experienced operators with an established track-record of operating these types of facilities will be a key to success here. Given this it is not suggested that the Council operates the proposed complex directly.

4.2.6 It is clear that the key risks relate to funding, the capital cost of the scheme and the possible financial performance of a completed scheme in revenue terms.

4.3 Legal

4.3.1 The construction contract has been tendered through a full EU process utilising Ridge and Partners Ltd.

4.3.2 External legal advisors have been engaged by the Council who have advised pre-tender on the contract documents and have provided clarification in relation to the Council's detailed requirements during the tender process on industry norms and practices to ensure the Council has a robust contract to deliver the projects.

4.3.3. There remain a number of outstanding funding risks in the delivery of the project, these relate to the contribution by the University pursuant to paragraph 3.3.8 of this report and the funding to be received from SEMLEP and ERDF where both grants are conditional and require certain timeframes to be met in relation to the formal appointment of the successful contractor, commencement on site and the expenditure profile. Any award of contract will need to ensure the conditions can be fully met prior to formal acceptance of the grant funding and the successful contractor's tender.

4.4. Equality and Health

4.4.3. An Equality Impact Assessment was previously undertaken and these issues were further considered at the planning and listed building consent stage.

4.4.4. The new-build elements of the scheme (Angel Street and St Johns) are fully accessible with lift access to all floors and Part-M compliant staircases.

4.4.5. All opportunities have been taken to greatly improve the access across the site, including the provision of shallow ramps and a lift provision to the Fetter Street side to gain access to the upper floor.

An equality policy for the completed facility will be developed in partnership with the proposed management company.

4.5. Consultees (Internal and External)

4.5.1 Statutory consultation has been undertaken in respect of both of the previous planning and listed building consent applications, and again recently with planning variations, all of which have been granted (with conditions).

- 4.5.2 A neighbouring land-owner has been consulted concerning a related property transaction. This transaction will be completed following Cabinet approval to proceed with the project.
- 4.5.3 SEMLEP have been consulted in relation to our latest position, our outputs and programme milestones as outlined in this report.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 Outputs required for South East Midland Local Enterprise Partnership under the Local Growth Fund are:

Primary Outputs	2014 Target
Business Units	59
Business Support	116
Businesses Created	25
Construction Jobs (16 week contracts)	286
Direct Jobs	174
Indirect Jobs	261

- 4.6.2 The primary output required for the European Regional Development fund is that the Vulcan works will be renovating and building 5,375m².
- 4.6.3 The further development of the designated Cultural Quarter remains a key priority and the redevelopment of the Vulcan Centre would help to take this forward.
- 4.6.4 The Vulcan Works sits within the boundary of the Northampton Waterside Enterprise Zone and the proposed redevelopment would provide new business space, particularly for SME's focused on the creative & digital sector, where Northampton has a competitive advantage. The project will assist businesses to develop and grow, creating new employment opportunities for people in the local area.

4.7 Other Implications

- 4.7.1 None identified.

5 Background Papers

Publically Available

- 5.5 Cabinet Report dated 6th December 2017.
- 5.6 Creation of a Creative Industries Hub: Report of the Director of Customers and Communities, Cabinet Report, June 11th 2014.
- 5.7 Vulcan Works Redevelopment- Phase II: Report of the Director of Regeneration Enterprise and Planning, Cabinet Report, May 11th 2016;
- 5.8 Northampton Economic Regeneration Strategy 2008-2026 (NBC, 2008).

- 5.9 Cambridge – Milton Keynes – Oxford Growth Corridor (NIC, 2017).
5.10 South East Midlands, Where Innovation Fuels Growth; Strategic Economic Plan (SEMLEP, 2017).
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Rick O'Farrell
Head of Economy, Assets and Culture
01604 837433

Appendices



CABINET REPORT

Report Title	Abandoned shopping trolleys
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	16 January 2019
Key Decision:	No
Within Policy:	Yes
Policy Document:	Yes
Service Area:	Customers and Communities
Accountable Cabinet Member:	Cllr Mike Hallam
Ward(s)	All

1. Purpose

- 1.1 To update cabinet on the outcome of a public consultation on charging for the removal, storage and return of abandoned shopping trolleys
- 1.2 To ask cabinet to resolve that schedule 4 of the Environmental Protection Act 1990 applies to the whole of Northampton Borough. This will enable the council to seize and remove abandoned trolleys and to charge the owners for their return.
- 1.3 To seek cabinet approval for the setting of the fee for this service.

2. Recommendations

- 2.1 That cabinet accepts the results of the public consultation outlined in the report.
- 2.2 That cabinet formally resolve that schedule 4 of the Environmental Protection Act 1990 be applied to the whole of Northampton. The scheme cannot come into force until at least three months after the date of the resolution. It is therefore recommended that the implementation date is 1st May 2019.

2.3 That cabinet agree that the fee for recovery be set at £ 65 per trolley.

3. Issues and Choices

3.1 Report Background

- 3.1.1 In recent years the Council has received a significant number of complaints about abandoned shopping trolleys.
- 3.1.2 Neighbourhood Wardens deal with these complaints, liaising with the trolley collection services used by some supermarkets or the stores themselves, to arrange removal of the trolleys. During 2018 over 100 trolleys have been reported to the collection services or collected by the neighbourhood wardens and park rangers.
- 3.1.3 In some cases this can take significant time and resources, for example if the trolleys are in a watercourse on inaccessible location.
- 3.1.4 Legal powers are available under section 99 of the Environmental Protection Act 1990 to resolve to apply schedule 4 of the Act.
- 3.1.5 The application of schedule 4 allows the Council to seize abandoned trolleys, remove them to such a place as it thinks fit and to charge a reasonable fee for their return and if not claimed after a period of six weeks to sell or otherwise dispose of the trolleys.
- 3.1.6 The Schedule cannot come into effect until at least three months after the date that the Council resolves to apply the schedule to its area. For clarity it is recommended that the scheme should come into force on 1 May 2019.
- 3.1.7 Arrangements will be made for the collection, storage and return of any trolleys found or reported in the borough of Northampton. A calculation of the reasonable cost of these is outlined in section 4.2 below.
- 3.1.8 An online consultation on the proposal has been carried out during December. Supermarkets, community groups and partner agencies have been invited to indicate their views on the proposal. A verbal report on the outcome of the consultation will be provided to Cabinet.

3.2 Issues

- 3.2.1 Abandoned supermarket trolleys are unsightly and cause environmental damage, particularly when they are in watercourses and lakes.
- 3.2.2 The removal of abandoned trolleys places a financial and time burden on the neighbourhood warden and park ranger teams.
- 3.2.3 At present there is no formal mechanism in place for the recovery of the costs incurred.

- 3.2.4 Resolving to adopt schedule 4 of the Environmental Protection Act 1990 will allow the cost of removal storage and return to trolleys to be recovered from their owners. In addition if trolleys are not claimed within 6 weeks, they can be sold and any income from this sale can be used to offset costs.
- 3.2.5 Some supermarkets are members of trolley recovery schemes such as Trolleywise and others make in house arrangements for the collection of trolleys, using staff members or contractors to carry out patrols to identify and recover their trolleys and to respond to reports of abandoned trolleys. Some supermarkets use coin deposit systems to discourage the removal of trolleys from their sites and others use trolley wheel lock systems which physically prevent trolleys being removed from their site.
- 3.2.6 It is hoped that the imposition of charges for the return of trolleys will encourage more supermarkets to put arrangements of this type in place. If this is the case it is possible that there will be little need for the service. It is therefore proposed to monitor the number of reports of actions to deal with abandoned trolleys over the coming months. If the scheme is implemented, the actual cost of trolley recovery, storage and return will be monitored over the first three months and an update report giving this information will be provided to Cabinet with an update report in late 2019.
- 3.2.7 Any other issues raised in initial phases of consultation.

3.3 Choices (Options)

- 3.3.1 Cabinet can choose to resolve that schedule 4 of the Environmental Protection Act 1990 be applied to the whole of Northampton. This will provide a mechanism for the clearance of abandoned trolleys and allow the costs of recovery, storage and return of abandoned trolleys to be recovered from the owners of the trolleys
- 3.3.2 Cabinet can choose not to make this resolution. This would mean that the removal of trolleys would continue on the current ad hoc basis. This imposes a cost on the Council in that the cost of the warden and park ranger time in carrying out this work and any disposal costs are recovered in accordance with the polluter pays principle.
- 3.3.3 Cabinet can choose to impose a fee of £65 for the return of all trolleys collected in accordance with the scheme and to sanction the sale of any unclaimed trolleys. The actual cost of the process will be monitored over the first three months of the operation of any scheme agreed and a further report submitted to cabinet in late 2019 when a change to the charging level may be proposed.
- 3.3.4 Cabinet can choose to impose a different charge, however if this charge were set at an excessive level the Council could be subject to legal challenge and if the cost does not cover the cost of the work carried out it would impose a financial burden on council tax payers.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 If the recommendation to resolve that schedule 4 of the Environmental Protection Act 1990 is accepted this will set new policy for the authority. This would be in line with the overall approach to environmental enforcement and echoing the polluter pays principle.

4.2 Resources and Risk

- 4.2.1 Neighbourhood wardens and park rangers are currently investigating reports of abandoned trolleys on their areas. They are also carrying out proactive checks and reporting trolleys to designated collection organisation and / to the stores where they originate. Some work has been carried out to remove trolleys and return them. On occasions this has involved removing trolleys from difficult locations including watercourses.
- 4.2.2 Data from these activities has been used to calculate an average time to deal with the removal of a trolley.
- 4.2.3 Storage costs have also been factored in to calculate an overall average cost of trolley removal, storage and return and the administration work involved in tracing and contacting the trolley owner and processing of payments made.
- 4.2.4 These calculations have resulted in a suggested cost of £65.

It is proposed that if the scheme is implemented this is the fee initially charged and that further work is carried out in the first three months of the scheme to monitor actual costs. If actual cost prove to be significantly different, an amended fee will be put to Cabinet for approval.

- 4.2.5 The required notices and invoices would be issued to registered offices of the companies concerned with copies being provided to the managers of the appropriate local stores.

4.3 Legal

- 4.3.1 Section 99 of the Environmental Protection Act 1990 gives local authorities the power to resolve to apply schedule 4 of that act to their areas. The schedule allows the authority to remove, store and return abandoned shopping trolleys and to recover the costs of doing so from the owners of the trolley following the service of an appropriate notice. Any trolleys which are not reclaimed within six weeks can be sold and the income retained by the Council.
- 4.3.2 The Council has a statutory duty to consult widely amongst local businesses about the proposal to enact Schedule 4 in the Borough. There is no duty to enact any changes proposed by consultation responses but the Council must

demonstrate that it has taken such responses into account when deciding whether to enact the scheme.

- 4.3.3 Schedule 4 cannot come into force until it has been advertised in the local media and a period of at least three months after the date of the resolution has elapsed. It is therefore proposed that the scheme commence on 1st May 2019.

4.4 Equality and Health

- 4.4.1 The proposal to implement schedule 4 has been subject to a consultation with businesses and community organisations.

4.5 Consultees (Internal and External)

- 4.5.1 Legal services, finance, partnership unit, planning.
- 4.5.2 Business and community groups via public consultation exercise.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 The proposal contributes to the delivery of the corporate plan objective of delivering a clean, green and tidy town.

4.7 Other Implications

- 4.7.1 There are no other implications.

5. Background Papers

- 5.1 Environmental Protection Act 1990 section 99 and schedule 4.
- 5.2 Summary of consultation responses.

6. Next Steps

- 6.1 If the resolution is approved the schedule will be implemented from 1st May 2019. It is proposed to provide a report to Cabinet in autumn 2019 to update on the progress and impact of the implementation.

Marion Goodman
Head of Customers and Communities
mgoodman@northampton.gov.uk 01604 838273.

Summary of response to public consultation on the proposed scheme to deal with abandoned shopping trolleys

A public consultation was carried out on Survey monkey between 27 November and 31 December 2018. Supermarkets operating in Northampton, their Primary Authorities and Parish Councils were contacted to alert them to the survey, and press and social media releases were issued to encourage responses.

The survey questions were as follows:

1. *Who are you?*
 - a. *Resident*
 - b. *Visitor to the town*
 - c. *Working in Northampton*
 - d. *Business operator within Northampton Borough Council*

2. *NBC wishes to resolve to apply schedule 4 Environmental Protection Act 1990, this will mean the local authority will seize and remove any trolleys and will charge the trolley owner for the recovery of this. Do you support this?*
 - Yes*
 - No*

3. *The cost to recover the trolleys is likely to be around £80 per trolley. Do you agree with this figure?*
 - Yes*
 - No*

4. *Any other comments*

A total of 192 responses were received, 90.5% of these from residents, 4.5% from visitors, 4% from people who work in Northampton and 1% from business operators. 79% of those who responded supported the proposal with 77% agreeing with the proposal to charge. 126 responses were received to question 4 which asked for any other comments. These responses are summarised below. They fall into six broad groups (some comments fall into more than one group):

1. Supportive of the proposal,

Over 45 comments indicate broad support for the proposal, respondents indicating that supermarkets should be held responsible for controlling their trolleys and should bear the cost of recovery. A number of the responses advocated the use of coin deposit or technology systems which prevent the trolleys from leaving the site.

2. Those which advocate charging those responsible for removing the trolley or suggesting alternative measures,

Over 45 comments which supported the principle of dealing with trolleys but expressed the view that the trolleys have been stolen from the supermarket and that whilst action is needed this should focus on those responsible for removing the trolleys. Many of these responses suggested the use of technology to deter removal from site.

3. Those which make comments about costs and / or raise concerns about costs being passed to customers.

Seven responses about the potential cost, some of which expressed concerns about costs being passed on to supermarket customers.

4. Against the proposal

Three negative responses were received. One of these raised concerns about the potential impact on the vitality of the town.

5. Raising specific problem issues

Twelve responses drew attention to specific problem locations

6. More general comment

Nine comments about more general matters, criticism of the Council, suggestions that increases in parking charges cause residents to take trolleys off site.

In addition direct response were received from Sainsbury's, Morrisons and Wakefield Council who are the primary authority for Morrisons.

Sainsbury's initially requested clarification about whether the proposal related to any of their specific stores, the costs to be levied and the terms and conditions which apply. This clarification was provided and they then made further comments / queries which asked whether the proposal was a central or local government initiative, questioning the £65 proposed cost, indicating that they have a £37 cost for another council and requesting clarification of the timescale for the implementation of any scheme. The relevant clarification was provided.

Morrisons indicated that they are aware of the issue and that they are actively reviewing the physical measures that they can put in place to both prevent and deter the theft of trolleys. They anticipate that a system will be installed at the stores this year that should significantly reduce trolley loss. In the interim they will continue to collect trolleys, when these are discovered, or notified to us and will happily work with the council to ensure that there is minimal delay in recovering them.

The primary authority for Morrisons expressed support for the proposal.

A number of responses were also received via Facebook, these were mixed between positive, negative and not directly relevant comments.

A comprehensive list of all the comments received is available on request.

Appendices



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Graffiti and Flyposting Policy
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	16 th January 2019
Key Decision:	YES
Within Policy:	NO
Policy Document:	YES
Service Area:	CUSTOMER AND COMMUNITIES
Accountable Cabinet Member:	Cllr Mike Hallam
Ward(s)	ALL

1. Purpose

That Cabinet agree to adopt the graffiti and flyposting guidance document as policy.

2. Recommendations

- 2.1 That cabinet adopts a formal policy approach to graffiti and flyposting in the Town.
- 2.2 Domestic properties to receive a free removal service, upon completion of a suitable disclaimer.
- 2.3 Offer a chargeable removal service for commercial and other non-domestic property, upon completion of a suitable disclaimer.
- 2.4 To formalise existing education and enforcement processes relating to graffiti and flyposting.

3. Issues and Choices

3.1 Report Background

- 3.1.1 In June 2018, the Council's Environmental Services provider changed to Veolia. As part of the procurement exercise, a review of the existing contract was undertaken and a new specification drawn up which included more specific requirements surrounding the removal of graffiti and flyposting.
- 3.1.2 The Proposed policy document formalises the Council's approach to graffiti and flyposting removal and sets in place processes for Veolia and officers to follow.
- 3.1.3 The table below summarises the methods which the Council will use when receiving service requests regarding graffiti and flyposting.

Table 1

Priority 1: Racist/obscene or offensive graffiti which offends sectors of our community and could be seen as inflammatory or inciting racial hatred.

Priority 2: General graffiti which is not racist or offensive e.g. tags or unauthorised murals/artwork.

Property type	Method of contact	Charge for work
Domestic	Face to face, letter, telephone Indemnity form for permission to remove and estimate of cost (if any)	Priority 1 and 2 – No
Commercial	Telephone/ email/ letter with indemnity form and estimate of cost	Priority 1 and 2 - Yes, at cost plus administration fee.
NBC Property	Email/ telephone relevant service	Re-charge to relevant service area if appropriate – at cost
Northamptonshire Highways (Kier)	Report online or phone for Priority 1.	Work only completed in default of notice. Cost recovery only possible through courts. If requested by NCC, - contractor costs plus administration fee.
Other organisation e.g. housing associations, private landlords, Network Rail	Report online or telephone in first instance.	Work only completed in default of notice. Cost recovery only possible through courts. If requested, - contractor costs plus administration fee.

- 3.1.4 The table below details other neighbouring councils' approach to removing graffiti and flyposting.

Table 2

Local Authority	Domestic Property	Commercial/non domestic property
Daventry District Council	DDC will only remove graffiti or flyposting from its own property	

	and does not offer a removal service. It may take action against the landowner if the graffiti is deemed offensive or particularly unsightly.	
Corby Borough Council	Graffiti will be removed free of charge from domestic properties, flyposting will be removed following enforcement action	CBC will not provide a service to non-domestic properties.
South Northants Council	No response from query	
East Northamptonshire Council	Will only investigate reports of graffiti located on public buildings and the public highway.	Provides advice on removing graffiti from private property
Kettering Borough Council	Will only remove graffiti and fly posting from property which is owned and maintained by Kettering Borough Council.	

3.2 Issues

3.2.1 in the previous contract, all graffiti and fly posting was removed free of charge, regardless of whose property it was on, this policy retains a free removal service for council property and domestic residents of Northampton and introduces a chargeable service for all other property.

3.3 Choices (Options)

3.3.1 The cabinet can adopt this policy from 20th January 2019.

3.3.2 The cabinet can choose not to adopt this policy.

4. Implications (including financial implications)

4.1 Policy

4.1.1 This will establish the Council's policy position in relation to removal of graffiti and flyposting.

4.2 Resources and Risk

4.2.1 No financial implications from this policy as the costs are already included within the Environmental Services Contract though a paid for service may be offered to those properties not covered by the Council's service.

4.3 Legal

4.3.1 There are the following Legal Implications in relation to this report as agreed with Clive Tobin, Licensing and Litigation Solicitor on 8th January 2019.

- 4.3.2 The Council has power to remove graffiti and flyposting from its own land. It may also remove graffiti and flyposting from land which belongs to other persons provided that:
- 4.3.2.1 it is on a surface that is readily visible from a place to which the public have access;
 - 4.3.2.2 it is detrimental to the amenity of the area or is offensive;
 - 4.3.2.3 the Council serves the appropriate notice on the owner requiring them to do so within a specified time (at least 15 days after service); and,
 - 4.3.2.4 the owner does not comply with that notice.
- 4.3.3 The Council also has power to remove graffiti and flyposting from land owned by other persons where the owner asks the Council to do so.
- 4.3.4 In either case the Council may, if it chooses, recover its reasonable costs of removing the graffiti or flyposting. If a charge is made for removal, the Council may not generate a profit from removing the graffiti or flyposting concerned.

The Proposed Policy reflects these powers.

4.4 Equality and Health

N/A

4.5 Consultees (Internal and External)

- 4.5.1 This policy has been considered by Cllr Mike Hallam as the appropriate Cabinet member, Senior Management Team, including Legal and Finance and Veolia, the Environmental Services Contractor.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 Adopting this graffiti and flyposting policy will support the Council in creating an attractive, clean and safe environment, one of the Council's Corporate Priorities. This service has been tendered in line with EU procurement guidance and is provided as the Most Economically Advantageous option therefore providing value for money to protect local services.

4.7 Other Implications

- 4.7.1 None

5. Background Papers

5.1

6. Next Steps

- 6.1 Cabinet

Appendices

A. Proposed Graffiti and Flyposting Policy

Marion Goodman
Head of Customer and Communities
MGoodman@northampton.gov.uk



Graffiti and Fly Posting Policy

Equality Impact Assessment

The Council strives to ensure equality of opportunity for all both as a major employer and as a service provider.

The Graffiti Policy has been equality impact assessed to ensure fairness and consistency for all.

Version Control Schedule for Graffiti Policy

Author (Post Holder Title)	Environmental Services Manager
Type of Document	Policy
Version Number	
Document File Name	Graffiti and Fly Posting
Issue date	
Document Held by (name section)	Customer & Communities
For internal publication only or external also	External
Document stored on council website	Yes
Next Review	Annual Review
Approved by	TBA

Change History	Date	Comments
Version 1.4	Review started Nov 18	MG/CC changes to fee
Version 2		
Version 3		
Version 4		

Graffiti removal and management policy

Introduction

Northampton Borough Council recognises that graffiti may have a significant part to play in the way that residents and visitors perceive the town and has developed a policy document to explain its approach to graffiti removal.

The council is committed to improving the overall environment and in 2018, awarded the Environmental Services contract, which includes a significant investment in all relevant services. This in turn should show an improvement in the overall environment, portraying Northampton, the town, the residential areas and its parks as clean and green.

Graffiti or flyposting on public property (i.e. that owned by the council or its partners) is relatively easy to deal with, the council employs a contractor to remove graffiti and flyposting within prescribed timeframes but the removal of graffiti and flyposting from private property is a more prolonged process.

The council does not have a duty to remove graffiti or flyposting on private property but this policy sets out to establish the graffiti removal policy, timescales for removal and enforcement measures that could be used to manage graffiti.

Definition and Classification of graffiti

Graffiti is only defined for certain legal purposes however, this policy defines graffiti as the illegal or unauthorised defacing of a building, wall or other structure or object by painting or otherwise marking it with words, pictures or symbols. Graffiti usually amounts to a criminal offence under the Criminal Damage Act 1971.

Graffiti is classified as offensive graffiti for the purpose of this policy if it contains some or all of the following elements:

- Offensive language
- Language of a politically/racially/religiously insulting/inciting nature
- A hate statement
- An image which is graphically explicit
- An image which is visually offensive or textually offensive by the message that it contains.

Key Legislation

The Council has legal powers under various legislation which potentially can be used to require the removal of graffiti. These powers will only be used in exceptional circumstances.

The main legislation and guidance to which this policy relates, but not exclusively so, is:

- Town and Country Planning Act 1990;
- Anti-social Behaviour, Crime and Policing Act 2014;
- Public Order Act 1986
- Crime and Disorder Act 1998

Northampton Borough Council will consider each report of offensive graffiti on a case-by-case basis and the outcome will be dependent upon investigation. Where any offensive graffiti could amount to a hate crime details will usually be passed to the police for investigation.

Upon an officer's confirmation of an instance of graffiti, the graffiti is classified by the inspecting officer within two categories;

Priority 1: Racist/obscene or offensive graffiti which offends sectors of our community and could be seen as inflammatory or inciting racial hatred.

Priority 2: General graffiti which is not racist or offensive e.g. tags or unauthorised murals/artwork.

Property ownership

Property for the purpose of this policy is divided into types as follows:-

- Domestic - private household
- Commercial/ Industrial
- Highway signs
- Highway/NCC structure
- Northampton Borough Council collectively owned
- Other Utility company/ Public body/ Service provider e.g. Housing Association, National Rail

Reporting of incidents

Incidents of graffiti can be reported to NBC online via the Council website or by calling 0300 330 7000. Residents of Northampton will be encouraged to report graffiti direct to the property owner to speed up graffiti removal on private property.

Reported instances of graffiti will be managed according to property ownership and classification.

The majority of graffiti removal is undertaken by the Environmental Services Provider, currently Veolia.

Procedures for removal

Graffiti can only be removed by the contractor if it is accessible from ground level and on a surface on which graffiti wipes (impregnated with graffiti removal agents), or the contractors specialised pressure washing system, are suitable.

Graffiti on wooden, cement or certain utility boxes (e.g. telecoms) surfaces generally need to be painted over using paint supplied by the property owner.

The ability to remove graffiti and the method used will be assessed on a case by case basis taking the health and safety of the operatives undertaking the work and the potential for damage to property into account. Only graffiti on NBC owned property will be removed without attempting to obtain permissions.

Some graffiti work undertaken on private property is chargeable, see Table 2.

Prior to graffiti removal upon property or land not controlled by NBC, an Indemnity Form must be completed by the property owner or managing agent and if required, payment received. Without this, NBC will not remove the graffiti, except in exceptional circumstances where instances of Priority 1 graffiti have occurred.

The council has legal powers under antisocial behaviour legislation which potentially can be used to require the removal of graffiti. These powers will only be used in exceptional circumstances.

The use of Community Protection Notices will only be used in exceptional circumstances and where NBC have intention to carry out works in default following failure to comply with the notice, and will only be issued where graffiti is offensive. NBC will seek to recover the costs of work done in default. The Council will use the powers to require removal of graffiti under sections 225F of the Town and Country Planning Act 1990.

Table 1: Timescales for removal/obliteration

Property Type	Priority 1	Priority 2
Domestic Property (excluding Housing Associations)	<p>Hand delivery of indemnity form within 5 working hours of report.</p> <p>Repeat contact attempts.</p> <p>Clean within 1 working day of indemnity receipt.</p> <p>Issue warning followed by an appropriate notice if cleaning offer not accepted.</p>	<p>Delivery of indemnity form within 5 working days of report.</p> <p>Repeat contact attempts.</p> <p>Clean within 2 working days of indemnity receipt.</p> <p>And if appropriate issue warning followed by appropriate notice if cleaning offer not accepted.</p>
Commercial Property	<p>Hand delivery of indemnity form within 5 working hours of report.</p> <p>NBC clean offered for accessible locations. (chargeable).</p> <p>Repeat contact attempts.</p> <p>Clean within 1 working day of indemnity and payment receipt.</p> <p>Issue warning followed by appropriate notice if cleaning offer</p>	<p>Delivery of indemnity form within 5 working days of report.</p> <p>NBC clean offered for accessible locations. (chargeable).</p> <p>Repeat contact attempts.</p> <p>Clean within 2 working days of indemnity and payment receipt.</p> <p>Issue warning followed by appropriate notice if cleaning offer</p>

	not accepted.	not accepted.
NBC Property including street name signs	In town centre, clean within 1 hour of incident being reported or 4 hours elsewhere.	In town centre, clean within 1 hour of verification or 2 working days elsewhere
NCC highway signs	Clean within 1 working day of incident being reported. Report clean to NCC Highways	Notify NCC online of incident within 1 working day of report. Removal to be carried out by NCC. NBC clean offered for accessible locations. (chargeable). Issue warning followed by appropriate notice if work is not completed within 28 days of report.
Highway/NCC Structures- subways, underpasses, lamp posts	Notify NCC online of incident within 5 working hours of report. Removal to be carried out by NCC. NBC clean offered for accessible locations. (chargeable). Issue warning followed by appropriate notice if work is not completed within 7 days of report.(where road closure is required 14 days)	Notify NCC online of incident within 1 working day of report. Removal to be carried out by NCC. NBC clean offered for accessible locations. (chargeable). Issue warning followed by appropriate notice if work is not completed with 28 days.
Other Utility company/ Public body/ Service provider	Notify land/property owner of incident within 5 working hours of report. Removal to be carried out by land/property owner. NBC clean offered for accessible locations. (chargeable). Issue warning followed by appropriate notice if work not completed after 14 days.	Notify land/property owner of incident within 1 working day of report. Removal to be carried out by land/property owner. NBC clean offered for accessible locations. (chargeable). Issue warning followed by appropriate notice if work not completed after 28 days.

Table 2: Methods of contact and costs

Property type	Method of contact	Charge for work
Domestic	Face to face, letter, telephone Indemnity form for permission to remove and estimate of cost (if any)	Priority 1 and 2 – No
Commercial	Telephone/ email/ letter with indemnity form and estimate of cost	Priority 1 and 2 - Yes, at cost plus administration fee.
NBC Property	Email/ telephone relevant service	Re-charge to relevant service area if appropriate – at cost
Northamptonshire Highways (Kier)	Report online or phone for Priority 1.	Work only completed in default of notice. Cost recovery only possible through courts. If requested by NCC, - contractor costs plus administration fee.
Other organisation e.g. housing associations, private landlords, Network Rail	Report online or telephone in first instance.	Work only completed in default of notice. Cost recovery only possible through courts. If requested, - contractor costs plus administration fee.

Graffiti removal is offered free of charge to all domestic properties (Priority 1 or 2) and where a signed indemnity form is received within 2 attempts of requesting.

Where a charge is to be made, this fixed fee must be agreed in writing between NBC and their Contractor and paid by the landowner prior to any work being undertaken.

Where repeated instances of graffiti occur the application of anti-graffiti coatings may be offered if appropriate. This service is chargeable.

Posters and Placards

Posters and placards are in general not permitted on street furniture, except those with exemptions under the Town and Country Planning Act 1990 and relevant Regulations. Posters

and placards may therefore be removed in accordance with S.225(1) of the Town and Country Planning Act 1990.

Removal methods

Anti-graffiti coated surfaces: Where surfaces have been treated with an anti-graffiti coating, the contractor shall remove the graffiti using low water pressure, graffiti wipes and where required reapply the appropriate coating or paint at cost.

Bare brickwork: A mix of chemicals and high pressure washing will be appropriate for most cases.

On listed buildings or monuments, advice should be sought from the relevant Planning Officer before removal commences. Suitable chemicals or low pressure washing should be used and a test area may need to be undertaken.

Painted surfaces: Painting using a best colour matched paint. Colour matching is not guaranteed. Only the actual graffiti and close surrounding area will be painted. The structure in entirety will not be painted. Property owners will be approached to supply paint in the first instance.

The contractor will assess the most appropriate method of removal for each case if it has not been previously specified or agreed.

Partnership Working

Northampton Borough Council will aim to work in partnership with others such as the police, and housing associations to seek to identify offenders. The Council is committed to partnership working to address Community Safety, Crime and Disorder and Environmental Crime issues.

The Council will work with the Police to seek to identify offenders by providing photographs of offensive and racially motivated graffiti or where a 'Tag' has been identified at three or more sites.

Enforcement

In the interests of swiftly removing offensive or racially motivated graffiti categorised as Priority 1, NBC may issue Community Protection Notices in accordance with the Anti-social Behaviour, Crime and Policing Act 2014 and any subsequent Regulations it is considered appropriate. A written formal warning notice must be issued first giving a reasonable timescale to remove.

Where an area has become a targetted 'hot spot' for graffiti the use of Community Protection Notices or Public Space Protection Orders may be considered to either require the repeated removal of the graffiti or require anti-graffiti coatings to be applied.

Appendices
1



Item No.
[For Democratic
Services Use only]

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Finance Monitoring to 30 November 2018
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	16 January 2019
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	N/A

1 Purpose

- 1.1 Financial monitoring reports will be presented to Cabinet on a bi-monthly basis and will include:
- Revenue – any significant issues requiring action and details of the actions being taken.
 - Budget Risks, including any unachievable savings.
 - Budget Changes and Corrections
 - Capital – progress on key projects
 - Capital appraisals and variations requiring approval or approved under delegation.

2 Recommendations

- 2.1 That Cabinet notes the contents of the report and notes that future reports will set out the actions being taken by Corporate Management Board to address issues arising.

- 2.2 That Cabinet note the capital appraisals approved under delegation as set out in Appendix 1.

3 Issues and Choices

3.1 Report Background

- 3.1.1 As the end of the financial year approaches, there are a number of issues to be addressed in relation to the General Fund revenue budget. These are detailed below.

3.2 Key Financial Indicators

Dashboard Indicator Description	Variation from Budget	
	General Fund	Housing Revenue Account
	£m	£m
Controllable Budgets	2.308	(0.160)
Debt Financing and Recharges	(0.247)	0.000
Total	2.061	(0.160)

3.3 General Fund Revenue Budget (Red)

- 3.3.1 The overall General Fund revenue budget is currently forecasting an overspend of £2.061m. This is £0.623m worse than the £1.438m forecast overspend as at the end of period 6 when this was last reported to Cabinet. The two main areas of pressure that are contributing to this overspend are Homelessness and Communities.
- 3.3.2 Homelessness - The combined current forecast overspend on Housing and Benefits as a result of increased homelessness is £1.548m. High levels of homelessness, together with the severe shortage of affordable rented housing, have resulted in a sharp increase in the Council's use of temporary accommodation and the amount of time that homeless households are required to wait until they are offered settled housing.
- 3.3.3 The issues and the overall pressure remains broadly the same as when it was last reported to cabinet as part of the period 6 monitoring position.
- 3.3.4 Communities – A forecast pressure of £0.538m is being forecast in the Communities part of the Customers & Communities Head of Service area. This is mainly due to the mobilisation costs associated with the new Environmental Services contract, and issues with the funding of the old contract being carried into 2018/19.
- 3.3.5 Other – Other currently reported variances (including debt financing and recharges) amount to a net underspend of £0.025m.
- 3.3.6 Corporate Management Board are actively seeking options and actions to manage and mitigate the impact of the risk of an overspend in 2018/19.

3.4 HRA Revenue Budget (Green)

- 3.4.1 There is currently an overall underspend of £0.160m being forecast, which is due to be transferred to HRA reserves.

3.5 Capital Programme

3.5.1 General Fund Capital Programme

3.5.1.1 The General Fund capital programme is currently forecast to spend up to the latest budget of £26.60m. This includes the carry forwards approved by Cabinet in September and the schedule of in-year changes as shown in Appendix 1. There has been a small increase of £40k due to the introduction of a new scheme for Additional Play Equipment at Hardingstone Recreation Area.

3.5.1.2 Any further additions to the capital programme, including any strategic property purchases, will be subject to the development of a robust business case. In line with Financial Regulations, any proposed additions to the programme greater than £0.25m and/or requiring additional funding from Council resources, will be brought to Cabinet for approval.

3.6 HRA Capital Programme

3.6.1.1 The approved HRA Capital Programme for 2018/19 stands at £25.694m. The forecasts to date show no significant underspends or overspends.

3.7 Choices (Options)

3.7.1 Cabinet is asked to note the reported financial position and agree the recommendations. There are no alternative options, other than not to agree the recommendations.

4 Implications (including financial)

4.1 Policy

4.1.1 The Council agreed a balanced budget for the Capital Programme and Revenue Budgets for both the General Fund and the HRA in February 2018. Delivery of the budget is monitored through the budget monitoring framework.

4.2 Resources and Risk

4.2.1 This report informs the Cabinet of the forecast outturn positions for capital and revenue, for both the General Fund and HRA, as at the end of November 2018. It also highlights the key risks identified to date in delivering those budgets.

4.2.2 All schemes included in the capital programme, or put forward for approval, are fully funded, either through borrowing, internal resources or external funding arrangements.

4.3 Legal

4.3.1 There are no direct legal implications arising from this report.

4.4 Equality and Health

4.4.1 There are no direct equalities implications arising from this report.

4.4.2 A full Community/Equalities Impact Analysis has been completed for the 2018/19 Budget and is available on the Council website.

4.5 Consultees (Internal and External)

4.5.1 Heads of Service, Budget Managers and Management Board are consulted as part of the budget monitoring process on a monthly basis.

4.6 How the Proposals Deliver Priority Outcomes

4.6.1 Regular financial monitoring is a key control mechanism and contributes directly to the priorities of sustaining “effective and prudent financial management” and being “an agile, transparent organisation with good governance”.

4.7 Other Implications

4.1.1 There are no other implications arising from this report.

5 Background Papers

5.1 Cabinet and Council Budget and Capital Programme Reports February 2018.

Stuart McGregor, Section 151 Officer, 01604 838347

Appendix 1

General Fund Capital Budget Change November 2018

Reference	Scheme Title	2018/19 £	Comments
BA645	Play Equipment Hardingstone Play Area	40,000	

Appendices

None



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Opportunity to redevelop Belgrave House as affordable rented housing for key workers
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	16 January 2019
Key Decision:	NO
Within Policy:	YES
Policy Document:	NO
Directorate:	Finance
Accountable Cabinet Member:	Councillor Brandon Eldred
Ward(s)	Castle

1. Purpose

- 1.1 The purpose of this report is to provide Cabinet with an update on the preliminary work that has been undertaken to develop a scheme to convert Belgrave House (an empty office block) into 120 affordable rented homes.
- 1.2 As well as seeking Cabinet's 'in principle' agreement to the redevelopment of Belgrave House as an affordable housing scheme, this report seeks Cabinet approval of the approach that the Council and Northampton Partnership Homes (NPH) are taking to develop the scheme, including the necessary expenditure that is being incurred in relation to the assessment, design and 'due diligence' work that is being carried out on Belgrave House.

2. Recommendations

2.1 It is **recommended** that Cabinet:

- (a) Approves the principle of Belgrave House being converted into 120 affordable rented apartments which will be leased to the Council by Legal & General (the owner of the building), retained within the Housing Revenue Account and managed and maintained by Northampton Partnership Homes;
- (b) Approves the action that the Council and Northampton Partnership Homes are taking to progress the development of Belgrave House, including the expenditure that is being incurred in relation to the assessment, design and 'due diligence' work carried out on Belgrave House; and
- (c) Receives a further report in May 2019 when Cabinet approval will be sought for the Council to enter into an investment arrangement with Legal & General, using a financial lease, in order to facilitate the conversion and regeneration of the Belgrave House office building into a residential scheme of 120 apartments.

3. Issues and Choices

3.1 Report background

3.1.1 Belgrave House is a large office block, built in the 1970s and situated in Northampton's town centre. It is owned by Legal & General (L&G) and, despite the owner's best efforts to attract tenants, Belgrave House has been unoccupied for a number of years.



3.1.2 Although L&G has already secured planning permission to convert Belgrave House into student housing, it approached the Council and Northampton Partnership Homes (NPH) in 2017 to establish whether or not they would be interested in entering into a partnership to convert the building into homes.

- 3.1.3 The Council and NPH responded positively to L&G's approach because the redevelopment of Belgrave House would offer the following strategic benefits:
- Regeneration of a large town centre building and an adjacent alleyway;
 - An increase in the number of homes situated in the town centre, resulting in a boost for the town centre businesses and economy; and
 - A significant increase (120 homes) in the supply of affordable rented housing for key workers, meeting employers' needs to attract and retain key workers and meeting the housing needs of key workers who are working in the public sector and town centre retail and leisure but are currently unable to buy or rent a home in the area in which they work.
- 3.1.4 Consideration is currently being given to the merits and feasibility of the three parties (L&G, NPH and the Council) entering into a 30 - 35 year finance lease that entitles the investor (L&G) to receive rent and own the new housing scheme until the end of the finance lease term, at which point it will grant the Council a longer lease in relation to the whole scheme of 120 homes for £1.
- 3.1.5 Such an arrangement will offer the following benefits:
- The opportunity for the Council to acquire an asset which it will own at the end of the finance lease period; and
 - The opportunity for Northampton to attract inward private sector investment and to use additional subsidy in the form of Right to Buy receipts and/or Homes England funding.

The role played by NPH

- 3.1.6 As the Council's Development Agent for the Belgrave House scheme, NPH has led on the feasibility work, instructed all necessary surveys, appointed the design team and will submit the planning application.
- 3.1.7 If the Belgrave House scheme progresses to completion, NPH will appoint the main contractor and oversee the development using its in-house Project Managers, Building Surveyors and Quantity Surveyors.
- 3.1.8 On completion of the scheme, NPH will act as the Council's managing agent for the 120 homes, undertaking the letting, management, maintenance and rent collection functions on the Council's behalf.

Work undertaken to date

- 3.1.9 On behalf of the Council, NPH has assessed the scheme feasibility of the Belgrave House redevelopment.
- 3.1.10 As well as undertaking a property condition survey, NPH has carried out a desktop review of all available reports relating to Belgrave House. It has also engaged its supply chain to help build up an estimate of what it will cost to refurbish, reconfigure and extend the building to create a new housing development of 120 apartments (75 one-bedroom and 45 two-bedroom).

- 3.1.11 This work has included designing floor layouts, commissioning intrusive structural and asbestos surveys, and pre-planning consultation with the planning and highways authorities. It has also involved discussions with Council Officers on how the Belgrave House residents' parking requirements can be met by using the top floor of the Grosvenor Centre car park.
- 3.1.12 Considerable thought has been given to the merits and feasibility of combining the institutional lease model (frequently used by local authorities and other public sector bodies) with other forms of funding – including Right to Buy receipts and Homes England funding – which could be utilised if the scheme is delivered through the Housing Revenue Account (HRA).
- 3.1.13 The work that NPH has already undertaken on feasibility has informed the proposed model for design, ownership, funding, management and lettings.
- 3.1.14 NPH, the Council and L&G have agreed to proceed with a full planning application for Belgrave House and, within a spirit of partnership working, L&G has given an undertaking to share the financial risk on this.

3.2 Issues

Design, management and lettings

- 3.2.1 Good progress has already been made in relation to the proposed design of the building and how it will be managed and let.
- 3.2.2 As Belgrave House is situated in a very prominent position and its existing external elevations are unattractive, considerable thought is being given to how the elevations of the building can be significantly improved.
- 3.2.3 NPH is researching other conversion schemes to identify a solution for Belgrave House that enhances the appearance of the building and is also financially viable. Fire safety will, of course, be the priority and any changes that are made to the building will heed the Government guidelines from the review that followed the Grenfell tragedy in 2017.

In terms of the design of the building, it is proposed that:

- The height of Belgrave House is increased to include an additional two floors (taking it to nine), using a lightweight steel frame construction;
- The internal layout of Belgrave House is reconfigured to accommodate a mix of 120 one and two-bedroom apartments;
- A roof garden is created to provide outside amenity space for residents;
- An additional lift shaft and entrance are created on the West side of Belgrave House, and extensive works are carried out to modernise and improve the external appearance of the building; and
- Access and parking will be a major design consideration.

3.2.4 In terms of the management of the building, it is proposed that:

- NPH will act as the Council's managing agent for the 120 homes, undertaking the letting, management, maintenance and rent collection functions on the Council's behalf.
- A concierge model of housing management (possibly combining repairs and housing management functions through an on-site facilities manager) is likely to best suited to Belgrave House, given the density and location of the apartments and the requirements of the tenants.

3.2.5 In terms of the letting of the 120 apartments, it is proposed that:

- The apartments are let to 'key workers' (including public sector workers who are working in the borough and residents employed in town centre retail and leisure) who are finding it difficult to buy or rent a home in the area where they work and do not have sufficient priority to be offered an affordable rented home through Northampton's Housing Register.
- In the interests of transparency, all of the Belgrave House lettings will be made to 'key workers' who are on Northampton's Housing Register and are nominated by their employers (strictly in accordance with a Local Lettings Policy that is written specifically for Belgrave House).
- The views of local employers are sought on the nature and volume of demand that is likely to come from their workforce, in order to ensure that Belgrave House benefits the local economy and helps employers to attract and retain 'key workers', and the nominations and letting arrangements are appropriate and easily understood.

Rent levels at Belgrave House

3.2.6 It is proposed that the rents charged at Belgrave House will be equivalent to 80% of the open market rent. Such rents will offer the following benefits:

- As they will be more affordable, they will offer better housing and more choice for local people who are living on a low income and might otherwise have only limited housing options;
- As they will be within the Local Housing Allowance rates, the rent will be affordable for any key workers who need to apply for Housing Benefit to help them meet their rent;
- As they will be competitive, it is most unlikely that Belgrave House will suffer from a lack of demand and the associated lettings risk.

Proposed ownership model

3.2.7 Belgrave House is owned by L&G and held in its Northampton Shopping Centre Limited Partnership Fund, an annuity fund that also includes the Grosvenor Shopping Centre.

- 3.2.8 L&G is proposing to transfer (within the L&G group) the ownership of Belgrave House from the Northampton Shopping Centre Fund via a long (185 year) lease to L&G's Limited Price Inflation Property Fund (managed by L&G's investment management arm) which will, in turn, enter into a full repairing finance lease with the Council for between 30 – 35 years.
- 3.2.9 The lease will commence shortly before NPH enters into contract with the contractor and will provide for the first two years' lease payments to be deferred until later in the lease in order to help with cash flow during the construction period when no rent is being collected.
- 3.2.10 At the end of the finance lease period, the long lease (with an unexpired term of at least 150 years) will transfer to the Council for £1.

Proposed finance model

- 3.2.11 Index-linked finance leases (based on the Consumer Price Index) are used widely in the housing sector as a way of funding development.
- 3.2.12 The finance lease model involves an investor funding development and securing this investment through a lease arrangement.
- 3.2.13 The model is attractive for investors for three main reasons
- The length of the term (it is typically 30 - 40 years)
 - The stability it provides (it is linked to a fairly low risk rental stream)
 - The strong covenants it provides (it is typically linked to local authorities, universities and health authorities)
- 3.2.14 The model is attractive for local authorities for four main reasons:
- It is becoming 'tried and tested' and is now a more commonly used funding model
 - The interest rates can be competitive (if negotiated well)
 - The development risk can be shared with the investor
 - The investor may bring additional development expertise into the partnership
- 3.2.15 In the case of Belgrave House, it is anticipated that the finance lease that the Council enters into with L&G will fund between 70% and 100% of the scheme's capital costs – with the remainder being funded through Right to Buy receipts and/or other forms of subsidy (if available), such as Homes England funding – and that the lease funding will be repayable over a period of between 30 and 35 years.

- 3.2.16 The length of the lease will be determined by a number of factors including, but not limited to, the following:
- The scheme capital costs (acquisition, design and construction);
 - The forecast income stream;
 - the forecast management and maintenance costs;
 - The starting interest rate agreed with the lessor and the agreed interest cap and floor; and
 - The investment that the lessee may wish to put into the scheme, through its own reserves or, in this case, through right to buy receipts and/or (if available) Homes England grant funding.
- 3.2.17 As the Belgrave House scheme will be owned in the Housing Revenue Account (HRA), the finance lease will be treated as a loan and accounted for within HRA borrowing. The Government's recent decision to lift the HRA debt cap has meant that such finance leases can now be considered on their individual merits, rather than on whether or not they are within the debt cap.
- 3.2.18 As there will be nothing to pay at the end of the lease term – when the Belgrave House scheme will transfer to the Council for £1 – the Council will not need to have a minimum revenue provision (MRP).
- 3.2.19 One of the important advantages of the scheme being owned in the HRA is that it enables the Council to subsidise the scheme by up to 30% by using Right to Buy receipts or, potentially, by applying for Homes England funding through its status as a Registered Provider.
- 3.2.20 The biggest risk of the index-linked finance lease model is 'convergence'; when the lease costs are equal to, or more than, the rental stream, leaving insufficient income to cover the lease commitment.
- 3.2.21 For the Belgrave House scheme, it is proposed to de-risk this by:
- Ensuring the starting interest rate is competitive and viable
 - Applying an upper and lower limit to the annual inflationary rise
 - Ensuring there is sufficient headroom (at least 25%) between the forecast rental income and lease. The Belgrave House lease will be structured so that no more than 75% of the rental income will be needed to pay the lease, leaving a buffer of at least 25% to pay for maintenance, void loss, bad debt, management and a sinking fund for major works.
 - Ensuring capital works have long warranties to minimise major works during the lease period
 - Undertaking sensitivity analysis to look at the impact of inflationary changes to mitigate any risk of convergence

3.3 Choices (Options)

- 3.3.1 Cabinet can decide to support and approve the principle of redeveloping Belgrave House as affordable rented housing for key workers, endorse the approach that the Council and NPH have taken to progress the development of the scheme and await a further report in May 2019 (following planning approval, lease negotiations and contractor tender submissions, and when all of the legal and financial details are available) when Cabinet approval will be sought for the Council to enter into an investment arrangement with L&G.
- 3.3.2 Cabinet can decide to suspend or stop the action that the Council and NPH are currently taking to progress the development of the Belgrave House scheme.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The redevelopment of Belgrave House as affordable rented housing for key workers will help the Council meet its policy objectives in relation to the regeneration of the town centre, tackling homelessness, meeting housing need and maximising the supply of new homes.

4.2 Resources and Risk

- 4.2.1 A comprehensive risk register will be developed and evolved throughout the life of this scheme. At this stage in the scheme’s development, the key risks and mitigations can be summarised as follows:

Risk	Mitigation
Rejection of planning application	<ul style="list-style-type: none"> • Early (pre-application) engagement with planning and highways and all statutory consultees (Environment Agency, Police, etc.) • Good design • Transparent public consultation • Robust and credible supporting documentation including (but not limited to) noise, air quality, transport and ecology
Unforeseen building conditions	<ul style="list-style-type: none"> • Early surveys • Robust design team with structural engineering specialists • Additional contingency built into agreement.
L&G withdraw (risk of abortive costs)	<ul style="list-style-type: none"> • L&G agreement to fund 50% of costs pre-lease • Draft heads of terms negotiation underway

Adverse media coverage	<ul style="list-style-type: none"> • Good design and visuals • Communications plan • Early engagement of local media
Lack of funding	<ul style="list-style-type: none"> • Inclusion in the 2019/20, 2020/21 and 2021/22 HRA capital programme • Early engagement with L&G • Promotion of scheme to potential funders such as Homes England • Use of Right to Buy receipts
High construction costs/higher than envisaged tender submissions	<ul style="list-style-type: none"> • Good design • Robust and well-advertised procurement exercise • Early (soft marketing) engagement with potential supply chain

4.2.2 The feasibility work undertaken to date has been funded from the existing General Fund budget and made possible by using NPH Officer time. The work that is underway to progress the design and planning of Belgrave House is being funded from the existing Housing Revenue Account budget.

4.2.3 Before the Council commits itself to entering into a financial agreement with L&G and the capital investment in Belgrave House, Cabinet will receive a very detailed report, setting out the financial risks and opportunities in detail, in order that Members are able to make an informed decision.

4.2.4 When the Cabinet considers the scheme in May 2019, it will be provided with a very detailed breakdown of the estimated costs of the development.

4.2.5 It should be noted that the HRA capital programme for 2019/20 contains sufficient funding (earmarked for new home building) to enable the Belgrave House scheme to proceed in 2019/20 if it is approved by Cabinet in May 2019.

4.2.6 If the Cabinet approves the scheme, the Housing Delivery Group (comprising Officers of the Council and NPH) will act as its Project Board.

4.3 Legal

4.3.1 It is noted at paragraph 3.1.1 that Belgrave House is owned by L&G. For the purposes of clarification a review of HM Land Registry confirms that the land on which the Belgrave House is situated is in the freehold ownership of the Council under title Number NN8052 and pursuant to the provisions of a ground rent lease granted by the Council to Postal Properties Limited on 30th March 1992 for a term of 999 years the ground rent lease is now registered in

the proprietorship of Northampton (General Partner) Limited under title number NN150883.

- 4.3.2 The freehold title of Belgrave House will it is understood be retained by L&G. For the Council as lessee this means that for the period of the finance lease and thereafter the subsequent grant of a long lease (referred in paragraph 3.2.10) the Council bears most of the risks and rewards associated with ownership of a property, whilst only retaining the right to possess the Belgrave House for the duration of the respective lease periods.
- 4.3.3 Assuming Belgrave House is leased to L&G Limited Price Inflation Property Fund as proposed pursuant to paragraph 3.2.8 under the lease financing structure proposed between the parties the Council would be required to repay over the term of the finance lease the capital expenditure paid by L&G Limited Price Inflation Property Fund to develop Belgrave House
- 4.3.4 In addition, to the above costs it will be the Council's responsibility to both maintain and to possibly insure (note confirmation of the insurance position is still pending at the time of writing) Belgrave House under the finance lease and long lease. As a consequence the Council will be liable for any loss or damage caused to Belgrave House during these lease periods, so these additional costs should be allowed for and depending on the underlying terms of the finance lease, the risk of any defects in Belgrave House may be passed to the Council (without any right of set off) if it has previously accepted Belgrave House.
- 4.3.5 It is noted that at paragraph 4.2.1 that draft Heads of Terms are in the process of negotiation and at paragraph 3.1.9. that some preparatory works have been undertaken, on behalf of the Council by NPH in relation to an initial investigation of Belgrave House. However given the potential complexities that may exist in respect of Belgrave House in relation to potential defects in the building it is important that consideration be given to the following in relation to the both the heads of terms and level of due diligence required.
- 4.3.6 For the protection of the Council the heads of terms should include a specific condition that the Council will only proceed subject to the completion of due diligence to the satisfaction of the Council.
- 4.3.7 In relation to due diligence the Council must ensure that a proper valuation has been conducted and that it has a full picture of any material assets and liabilities of Belgrave House and that the key parties engaged in assessing the viability of Belgrave House have sufficient expertise and experience required to conduct a detailed assessment, this will include for example an assessment of such matters as whether ancillary documentation will be required to deal with such matters as consent from L&G for any future repairs or modifications to Belgrave House, and consideration as to how the relationship between the Council and L&G is to be documented during the development period.

4.4 Equality and Health

- 4.4.1 The action that is proposed in this report will help to improve the housing conditions and life chances of people with protected characteristics, including people with disabilities and families with children. They will therefore have a positive impact on Equality and Diversity.
- 4.4.2 Maximising the supply of new homes is part of the Council's commitment to improving communities and our town as a place to live.
- 4.4.3 In implementing the changes, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and help to create a fairer society.

4.5 Consultees (Internal and External)

- 4.5.1 The Senior Management Teams of the Council and NPH have worked collaboratively on the proposed redevelopment of Belgrave House.
- 4.5.2 Consultation with local employers of key workers (to inform the Council's understanding of the scale and nature of demand) has commenced.
- 4.5.3 Consultation with local businesses and property owners of buildings adjacent to, and in close proximity to, Belgrave House will commence in January 2019 following Cabinet and before a formal planning application is submitted.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 The action proposed in this report will help meet 5 of the priorities in the Council's Corporate Plan:
- More homes, better homes
 - Shaping place and driving growth
 - Creating a thriving and vibrant town
 - Spending your money wisely
 - Putting the customer first

4.7 The next steps

- 4.7.1 On behalf of the Council, NPH has commissioned the Watermans Group to develop the concept design for Belgrave House, including the following:
- Internal layouts incorporating design of fire safety measures, heating, lighting, acoustics, refuse management and ventilation
 - Access arrangements including regeneration works to the alley way to the Western side of Belgrave House
 - The two-storey vertical elevation
 - Improvement works to the elevation of the building

- 4.7.2 Once the designs have been developed sufficiently, NPH will submit a planning application on the Council's behalf.
- 4.7.3 NPH will continue to work with L&G (on the Council's behalf) to conclude the Heads of Terms, and it will work collaboratively with the Council's Legal Team to finalise the content of the lease.
- 4.7.4 When planning consent has been secured, NPH will undertake a procurement exercise (on the Council's behalf) to appoint a main contractor.
- 4.7.5 A further report will be presented to Cabinet, in May 2019, on completion of all three critical path milestones:
- Planning approval
 - Lease terms agreed with L&G
 - A contract sum agreed with the main contractor
- 4.7.6 The Cabinet report will seek approval for the Council to enter into a finance lease with L&G and to proceed with the proposed model for design, delivery, funding, ownership, management and lettings.
- 4.7.7 The following table provides an indicative summary of the next steps:

<u>Date</u>	<u>Activity</u>
February 2019	Planning submission
May – August 2019	<ul style="list-style-type: none"> • Planning approved and completion of the technical design • Procurement exercise for main contractor • Conclusion of lease negotiations with L&G • Cabinet approval to proceed
September – November 2019	<ul style="list-style-type: none"> • Site clearance and strip out works • Appointment and mobilisation of main contractor
January 2020	Main construction commences
January 2021	Construction completes
February - March 2021	Occupation of new scheme

Appendices

None

Background Papers

None

Stuart McGregor
Chief Finance Officer & S151 Officer

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted