

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 40

Subject: Moulsecoomb Neighbourhood Hub & Housing Project
Update

Date of meeting: Housing Committee 22nd June 2022 (Item 12)
Policy & Resources 29th July 2022

Report of: Executive Director: Housing, Neighbourhoods &
Communities
Executive Director: Economy, Environment & Culture

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Ward(s) affected: Moulsecoomb and Bevendean

For general release

1. Purpose of the report and policy context

- 1.1 The report provides a brief update on the Moulsecoomb Neighbourhood Hub and Housing Project, initially presented to Housing committee and Policy & Resources committee in April 2020, then updated at subsequent meetings in March and November 2021.
- 1.2 Following the conclusion of Royal Institute of British Architects (RIBA) Plan for Work Stage 3, this report seeks approval to commence RIBA stage 4 (technical design). This report also seeks approval carry out enabling works funded by Brownfield Land Release Fund (BLRF) grant funding, to prepare the site for development.
- 1.3 While the capital cost of the enabling works is covered by the BLRF, an interim budget is sought for associated Professional Fees, Preliminaries, and Overheads and Profit costs incurred by this work. This budget will also cover Professional Fees incurred in relation to RIBA stage 4.
- 1.4 A further report will follow in November 2022 requesting a full budget for the construction of this project and detailing the financial appraisal.

2. Recommendations

That Housing Committee:

- 2.1 Recommends to Policy & Resources committee that Policy & Resources Committee: -

- 2.1.1. Notes the progress made on the Moulsecoomb Hub and Housing project to date
- 2.1.2. Authorises officers to progress RIBA stage 4 (technical design)
- 2.1.3. Approves an additional budget of £3.771m for this work, to be funded by HRA Borrowing and BLRF grant allocation and included as part of the 2022/23 HRA Capital Programme
- 2.1.4. Approves the grant-funded enabling works to commence, including the demolition of Moulsecoomb Hubs north and south, to be financed by £1.694m BLRF grant allocation
- 2.1.5. Confirms minor changes to the appropriation of land as approved at Policy & Resources Committee in November 2021 to include land around the buildings on site, and delegates authority to the Executive Director of Housing, Neighbourhood & Communities to approve further minor changes

That Policy & Resources Committee:

- 2.1.6. Notes the progress made on the Moulsecoomb Hub and Housing project to date
- 2.1.7. Authorises officers to progress RIBA stage 4 (technical design)
- 2.1.8. Approves an additional budget of £3.771m for this work, to be funded by HRA Borrowing and BLRF grant allocation and included as part of the 2022/23 HRA Capital Programme
- 2.1.9. Approves the grant-funded enabling works to commence, including the demolition of Moulsecoomb Hubs north and south, to be financed by £1.694m BLRF grant allocation
- 2.1.10. Confirms minor changes to the appropriation of land as approved at Policy & Resources Committee in November 2021 to include land around the buildings on site, and delegates authority to the Executive Director of Housing, Neighbourhood & Communities to approve further minor changes

3. Context and background information

- 3.1 Since the Moulsecoomb Hub and Housing project was last before Committee the design proposals the Moulsecoomb Hub and Housing Project have been developed. A planning application was submitted in March 2022.
- 3.2 Some design amendments were necessary to the final scheme, following advice from the Planning Service and Statutory Consultees. These can be summarised as follows:
 - Removal of Block A, 2x four-bedroom semi-detached townhouses
 - Extension of Block B to include an additional 3x three-bedroom flats
 - New entrance to Hodshrove Road added to eastern elevation of Block B
 - EV points added to Hub car park
 - The Hub has been refined taking materiality cues from the history of the site and introducing ‘clock tower’ elements holding the leading corners.
 - Red line boundary refined to exclude Leisure Centre car park

- 3.3 The principles of these proposals remain largely unchanged from the previous update report, with 212 affordable housing units to be provided alongside a new civic hub containing variety of community services. Good quality public realm, and outside recreation space including a skate plaza will also be delivered.
- 3.4 The approved appropriation plan divided the site into five distinct parcels, focusing on the existing buildings on site. This plan has is attached an appendix 1. This report seeks to formalise the appropriation, to include the land around the buildings. A plan showing the proposed appropriation and division between the HRA and the GF is attached an appendix 2.
- 3.5 Some minor changes to the previously approved appropriation have been necessary, resulting from design development. This report seeks to regularise the appropriation to ensure that land necessary for residential development sits within the HRA, and all other land remains within the General Fund.
- 3.6 The previously approved appropriation (April 2020) was premature as it was based on initial design proposals which have since been developed and submitted for planning approval.
- 3.7 It is recommended that authority to approve further minor amendments resulting from further design development is delegated to the Executive Director of Housing, Neighbourhoods & Communities. The Executive Director will exercise that delegation by completing an appropriation memo to effect the appropriation.
- 3.8 When this project was last before Committee it was anticipated that a full budget would be requested in Spring 2022 to fund the scheme to practical completion.
- 3.9 The Council's Quantity Surveyor, Potter Raper, provided an Order of Costs in November 2021. This has been updated to reflect the final design for which planning approval is sought. The revised Order of Costs, circulated in April 2022 has demonstrated that estimated costs for the scheme have increased.
- 3.10 Uncertainty in the market caused by Brexit and Covid-19 has been exacerbated by the current conflict in Ukraine, leading to a potential, short-lived, increase in costs. The rise in oil and gas prices, together with a shortage of key components such as steel, aluminium and nickel usually sourced from Eastern Europe is contributing towards this cost inflation and uncertainty.
- 3.11 Given the challenging environment in which we are operating, risk and inflation allowances within the Order of Costs, together with client contingency, have increased giving a higher build cost which is likely to have an adverse impact upon viability. A higher end risk figures totaling around 12% is currently included. Client contingency is included 'below the line' so it not included within the build cost. It is not clear at this stage how much costs

will be impacted, and therefore how much risk allowance will be realised. It is therefore recommended that there is a delay in seeking a full budget for the project until there is greater cost certainty.

- 3.12 This cost certainty will be informed by RIBA stage 4 (technical design) work, for which a budget is sought within this report. At the conclusion of RIBA stage 4, an Agreed Maximum Price (AMP) will be negotiated, should this project proceed through the Council's Strategic Partnership.
- 3.13 Alongside the clear benefits of providing cost certainty, it is necessary to begin work on RIBA stage 4 for the project to stay on-programme and within Homes England Grant Funding parameters. Failure to do so risks the project slipping past the Affordable Homes Programme (AHP) end date (March 2026), placing grant funding at risk. It is therefore recommended that technical design work, within the limits of the approved budget, is carried out in advance of a full budget being approved by Housing and P&R Committees in the Autumn.
- 3.14 It is anticipated that this project will be delivered via the Council's Strategic Construction Partnership. Professional fees covering architectural and specialist design consultancy broken down into RIBA stages, with the fees for RIBA stage 4 set at £2m.
- 3.15 In June 2021, Brighton and Hove City Council successfully applied for Brownfield Land Release Fund (BLRF) for grant funding and is in receipt of an allocation of £1.694m. This grant funding is intended to facilitate the development through paying for the necessary enabling and site preparation works to release the land for development. In this case the BLRF will fund the demolition of Hubs north and south, sub-station upgrades, highways upgrades and sewer diversions, broken down as follows:
- Demolition of existing buildings on site, and site clearance: £0.458m
 - Infrastructure works including Sub-station upgrades, highways upgrades and sewer diversions: £0.789m
 - Asbestos removal and cut and fill assumptions, given the complex levels on site: £0.447m
- 3.16 These figures are pro-rata and are associated with housing costs only. The BLRF can only be used to fund capital works and can not finance any on-costs including Professional Fees, Preliminaries, or Overheads & Profit costs incurred. £0.389m, equating to 20% of the BLRF allocation, is sought to cover these on-costs.
- 3.17 The total estimated costs and funding associated with this work is set in table 1 below.

Table 1 – Estimated costs	£'000
RIBA stage 4 design fees	2,000
Site enabling works	1,694
On costs	389

Total estimated costs	4,083
Funded By:	
BLRF Grant Funding	1,694
Previously approved HRA Borrowing	312
New HRA Borrowing	2,077
Total Funding	4,083

On costs are made up of professional fees, OH&P and prelims

4. Analysis and consideration of alternative options

- 4.1 It is necessary to carry out the work as described above to remain on programme, and to meet the milestones associated with grant funding. Failure to do so puts the grant funding at risk, and will prevent the technical design, and therefore the AMP to be negotiated
- 4.2 Officers are considering a range of options should AMP not be acceptable, this includes competitively tendering the construction of this scheme on the open market rather than delivering via the Strategic Partnership. These options will be presented to committee if required at a later date.
- 4.3 While carrying out the BLRF-funded enabling work ‘at risk’, it is within the spirit of the grant funding programme. The BLRF is intended to prepare brownfield land, reducing abnormal costs associated with site preparation so that land to be released for residential development.

5. Community engagement and consultation

- 5.1 Changes to the masterplan were made following an extensive consultation and engagement exercise with residents and community groups. Consultation was based on the Planning for Real model.
- 5.2 A quarterly community stakeholder group has been established to discuss the details of the project and ensure further local engagement with the project. The most recent meeting took place in spring 2022, immediately before the Planning Application was submitted.
- 5.3 A leaflet was circulated in May 2022 to draw the local community’s attention to the Planning Application. The leaflet was also disseminated via social media.
- 5.4 Community engagement will continue through the project and a revised communications strategy is under development as the project moves to its construction stage subject to planning permission.

6. Conclusion

- 6.1 This report provides an update to members on the Moulsecoomb Neighbourhood Hub & Housing project.

- 6.2 Uncertainty within the market has prevented a full budget being sought, however the interim budget will enable the site to be prepared for residential development, essentially de-risking the site. Furthermore, carrying out RIBA stage 4 allows risk to be designed out, and gives greater cost certainty.
- 6.3 Finally carrying out these elements now enables the project to remain on-programme, ensuring that grant funding and investment in Moulsecoomb is not lost.

7. Financial implications

- 7.1 As approved by Policy & resources Committee in April 2020 the land appropriation between the General Fund and the HRA is based on the funding gap for the General Fund. This is currently estimated to be £7.320m, which has been tested and validated by an external valuer. The recommendation to reverse and clarify the land appropriation will have no impact on the previously approved land value.
- 7.2 The appropriation of land is to be funded from HRA borrowing, the cost of borrowing will be funded from existing HRA revenue resources as outlined in the committee paper from April 2020. The financing expenditure has been included in the HRA's 30-year business plan, which was noted by Housing Committee on 19 January 2022 as part of the 2022/23 HRA budget paper.
- 7.3 In addition to this, further budgets of £0.820m and £2.100m were approved at the March 2021 and December 2021 Policy & Resources Committee meetings respectively to fund the costs associated with reaching RIBA Stage 3. Of this £0.312m remains unspent and will carry forward to fund future stages.
- 7.4 As per recommendation 2.1.3 the budget request of £3.771m is the net budget after considering the £0.312m carried forward from RIBA stage 3 works. This will be included as part of the 2022/23 HRA capital programme.
- 7.5 To fund this additional budget the council has already received £1.694m Brownfield Land Release Funding specifically for the purpose of de-risking the site. The remaining £2.077m will be funded in the short term by HRA borrowing met from existing HRA resources.
- 7.6 If the new budget as per recommendation 2.1.3 is approved the total budget for RIBA stage 3, RIBA Stage 4 and site enabling works is £6.691m of which £1.694m is funded via BRLF grant. This leaves a total of £4.997m to be funded by HRA borrowing. With the expectation that this project proceeds in the long term the financing costs will be funded by the new rental income from the homes.
- 7.7 The total budget approved to date will form part of the overall costs for the development and will be included in the financial appraisals undertaken. When full scheme budget is sought in November 2022 these budgets will be considered as part of that request.

- 7.8 At this stage the costs are being incurred at risk to the HRA at this stage. Should the project not proceed beyond RIBA stage 4 the costs incurred will be sunk costs for the HRA with the associated financing costs needing to be funded from existing HRA revenue resources in the long term.

Name of finance officer consulted: Craig Garoghan Date consulted:
26/05/22

8. Legal implications

- 8.1 7.6 Policy & Resources Committee has delegated powers to manage corporately held property and is therefore the proper committee to make decisions in relation to the appropriation of Council owned land.
- 8.2 The Council will need to follow its own Contract Standing Orders and comply with the public procurement regime when procuring all the construction contract for the works. The use of the Strategic Construction Framework would be one compliant route to market.

Name of lawyer consulted: Alice Rowland Date consulted (dd/mm/yy):
27/5/22

9. Equalities implications

- 9.1 Equalities Impact Assessments will be completed for all elements of this project as part of the design and planning stage of proposals. Feedback from communities and residents gathered through the Planning for Real sessions that relates to Equalities issues has been incorporated into proposals.
- 9.2 The housing scheme currently delivers 15 wheelchair accessible homes, and a further 20 'mobility 2' homes for less ambulant residents Each fully wheelchair accessible home will have their own allocated parking space.
- 9.3 The new hub and the surrounding public realm spaces will all be fully accessible and designed for people with disabilities. Careful consideration is being given to colour and material selection for people with visual impairments both inside the building and in the design of external spaces, for example in providing raised beds for growing vegetables for people in wheelchairs.

10. Sustainability implications

- 10.1 This project supports corporate sustainability priorities by investing in sustainable construction methods and low carbon energy supply such as high levels of insulation, Ground Source Heat Pumps and solar panels. The project is also engaged in the Circular Economy work. Landscape Designers

have been appointed and, alongside developing excellent public realm, will look for opportunities to promote bio-diversity across the scheme. Bike and bin stores are anticipated to have green roofs, and it is proposed to use timber from the demolished buildings to create benches or other features in the new public realm areas.

- 10.2 A Whole Life Carbon Assessor has been appointed to the project so a full understanding of the carbon impacts of the project will be understood and strategies developed for meeting the council's Zero Carbon New Homes Policy. A carbon design calculator is also being used during the design process which will inform a more sustainable choice of building materials. An energy statement and full energy strategy has been submitted with the planning application and will be assessed against planning policy requirements.
- 10.3 Sustainable and low carbon elements of the existing infrastructure will be reused or repurposed. For example, the project is currently exploring the feasibility of relocating the solar panels on the roof of Moulsecoomb Hub north & South to the refurbished former Portslade Sixth Form site.

11. Other Implications [delete any or all that are not applicable]

Social Value and procurement implications

- 11.1 It is currently anticipated that this project will be delivered through the council's City Build Strategic Partnership with Morgan Sindal Construction. Social value formed part of the assessment criteria for the procurement of the partnership. The project will seek to deliver apprenticeships and training opportunities (direct and through supply chain) through the project.
- 11.2 On other City Build projects the Morgan Sindal team have delivered additional social value for example, providing significant support to the Portslade Food Bank and agreeing to re-decorate the interior of Portslade Town Hall, both adjacent to the Victoria Road housing development.

Crime & disorder implications:

- 11.3 Providing dedicated Community and Youth space in the new neighbourhood hub supports the local agenda to reduce antisocial behaviour.

Public health implications:

- 11.4 Issues relating to Public Health are aligned to priorities in the Moulsecoomb Bevendean Neighbourhood Action Plan and data from the Local Insight report relating to Moulsecoomb & Bevendean. Additional risk assessments are in place where relevant and in relation to the coronavirus pandemic.
- 11.5 The project is incorporating public realm spaces which will encourage exercise and promote a healthy lifestyle, for example the all weather football

pitch, a skate park, children play area and various spaces for walking and cycling.

- 11.6 All relevant elements of the scheme are subject to full risk assessments to ensure covid-safe working environments for council staff, residents and contractors.
- 11.7 The design of the Health element of the new Neighbourhood hub accommodates the space required to support recovery from the current pandemic and safeguard against any potential future pandemics.

Supporting Documentation

1. Appendices

1. Appropriation plan dated September 2019
2. Revised appropriation plan

2. Background documents

1. Moulsecoomb Neighbourhood Hub and Housing Schemes P&R Report April 2020 ([Public Pack](#))[Agenda Document for Policy & Resources Committee, 30/04/2020 16:00 \(brighton-hove.gov.uk\)](#)
2. Moulsecoomb Neighbourhood Hub and Housing Schemes: Update P&R Report November 2021 ([Public Pack](#))[Agenda Document for Policy & Resources Committee, 02/12/2021 16:00 \(brighton-hove.gov.uk\)](#)

