

**Subject:** Living Wage Joint Venture Business Plan  
**Date of Meeting:** 12 October 2017  
**Report of:** Executive Lead for Strategy, Governance & Law  
**Contact Officer:** Name: **Caroline De Marco** Tel: **01273 291063**  
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**Wards Affected:** All

**FOR GENERAL RELEASE**

**Action Required of the Committee:**

To receive the item referred from the Special Housing & New Homes Committee for approval:

**Recommendation:**

That the Committee:

- (1) Agree the Business Plan in Part 2 of the report and delegate authority to the Executive Director Economy, Environment and Culture to take all steps necessary to enable and facilitate the implementation of the Business Plan;
- (2) Agree that the joint venture should seek, within the constraints of the agreed business plan, to maximise the use of photo voltaic and other energy saving measures and that plans to achieve this should be reported to Housing & New Homes committee
- (3) Authorise the disposal of Former Belgrave Site Day (South Portslade Industrial Estate), Clarendon Place, Portslade (as shown in Appendix 1) by way of long leasehold and that delegated authority be given to the Executive Director Economy, Environment and Culture, Assistant Director of Property & Design and Executive Lead Officer Strategy, Governance & Law to agree terms and execute all legal documentation necessary to dispose of the site to the LWJV;
- (4) Authorise the disposal of Land north of Varley Halls, Coldean Lane, Brighton (as shown in Appendix 2) by way of long leasehold and that delegated authority be given to the Executive Director Economy, Environment and Culture, Assistant Director of Property & Design and Executive Lead Officer Strategy, Governance & Law to agree terms and execute all legal documentation necessary to dispose of the site to the LWJV;
- (5) Authorise the disposal of Land north west of Whitehawk, Brighton (as shown in Appendix 3) by way of long leasehold and that delegated authority be given to the Executive Director Economy, Environment and Culture, Assistant Director

of Property & Design and Executive Lead Officer Strategy, Governance & Law to agree terms and execute all legal documentation necessary to dispose of the site to the LWJV;

- (6) Note the value for the disposals will accord with the valuations for each of the sites assessed by Savills and set out in Part 2 of the report;
- (7) Agree the capital receipts from the disposal of these sites are used for the council's investment into the Living Wage Joint Venture;
- (8) Approve the inclusion of loans to the Living Wage Joint Venture within the Councils Capital Investment Programme in line with agreed drawdowns approved by the Living Wage Joint Venture Board;
- (9) Agree the appointment of the council's representatives on the Board of the Limited Liability Partnership (LLP) and the Design & Build subsidiary company; and
- (10) Agree that a review be undertaken by the board into the model levels of maintenance costs after year 10 in the business model, with the outcome of this review to be reported to Housing & New Homes committee.

**BRIGHTON & HOVE CITY COUNCIL**  
**SPECIAL HOUSING & NEW HOMES COMMITTEE**

**25 SEPTEMBER 2017**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**Present:** Councillor Meadows (Chair) Councillor Mears (Opposition Spokesperson),  
Councillor Gibson (Group Spokesperson), Councillors Barnett, Bell, Cattell,  
Druitt, Lewry, Moonan and Robins

**DRAFT MINUTES**

**PART ONE**

**39 LIVING WAGE JOINT VENTURE BUSINESS PLAN**

- 39.1 The Committee considered a report of the Executive Director, Economy, Environment and Culture which explained that Housing & New Homes Committee and Policy, Resources & Growth Committee agreed to support in principle the establishment of the Living Wage Joint Venture (LWJV) at their meetings in November and December 2016. It was also agreed that the final Business Plan which sets the parameters within the partnership will operate would be brought back to committee for approval. This was now ready to be considered by members following a period of due diligence checks by council officers and the council's legal advisors. The report was presented by The Head of Housing Strategy, Property & Investment, and the Lead Regeneration Programme Manager.
- 39.2 The key aim of the project was the provision of lower cost rented housing for low income working households in the city. The recommendations sought approval of the Business Plan that would frame the delivery of the Living Wage Joint Venture's projects as it moved forward. The report provided an overview of the following areas of work: An overview of the appended Business Plan. Progress with legal documents and an update on the governance arrangements for the Living Wage Joint Venture.
- 39.3 Members received a PowerPoint presentation from the Head of Housing Strategy, Property & Investment, the Lead Regeneration Programme Manager, Matthew Waters from Bevan Brittan and the Head of Finance (Planning & Reporting). The presentation set out the challenge to meet the housing target of 13,200 new homes to 2013; details of the housing need in the city; and details of the 'Homes for Brighton & Hove' programme approved at committee in November & December 2016. Members were also given details of the business plan, financial model, governance, initial sites, land agreement, LLP Members' Agreement and funding agreement.

39.4 Councillor Gibson proposed the following amendment, which was seconded by Councillor Druitt:

**“That Housing & New Homes Committee:**

- 2.1 Note progress with the legal documentation required to implement the Living Wage Joint Venture; and
- 2.2 ***Note that following a successful DCLG funding award of £464,539, the capacity of Brighton and Hove Community Land Trust to deliver truly affordable housing for local people in perpetuity will be greatly enhanced. It is further enhanced by the prospect of subsequent DCLG funding towards specific schemes;***
- 2.3 ***Note that in the current housing strategy the council seeks to:***
- ***Explore the viability of Community Land Trust and wider community housing development options when land is available with a focus on maximising the social value of new developments where appropriate.***
  - ***Explore the use of commercial properties for co-operatives where compatible with City Plan policies.***
  - ***Share information on development opportunities with the Community Housing Network.***
- 2.4 ***Note that on the urban fringe the city plan commits to:***
- “further consideration and a more detailed assessment of potential housing sites will be undertaken to inform allocations made in Part 2 of the City Plan with a particular emphasis on delivering housing to meet local needs. As part of this process, the City Council will consider how best to ensure that opportunities for community land trusts, community-led development, right to build, and housing co-operatives are brought forward/ safeguarded in order to maximise housing opportunities that meet local housing needs”***
- 2.5 ***Note that Brighton and Hove Fairness Commission recommends that BHCC:***
- “Offer council-owned and other publicly owned land, including sites on the city fringes, brown field sites, to housing co-operatives, self-build groups and community land trusts to develop affordable social housing with the guarantee it will go to local people. Set up a revolving fund by 2018 and an advice hub to support the work of housing co-operatives, self-build groups, community land trusts and energy co-ops.”***
- 2.6 ***That Housing & New Homes Committee re-affirm its commitment to community-led housing and self-build housing;***
- 2.7 ***That a report be provided within 6 months to a future Housing & New Homes Committee outlining the progress with, and setting out future plans***

*for work with community housing providers to achieve the goals noted in 2.3, 2.4 and 2.5 above;*

- 2.8 *That the above report examine ways of support the council can offer in recognising the social value contribution of community land trusts and community-led housing providers, including offering re-lending BHCC PWLB loans at PWLB/ sub market rates to community-led housing providers in the context of providing urban fringe sites for not for profit providers;*
- 2.9 *That the above report should provide an update on the identification of sites for community-led housing and plans to ensure that urban fringe opportunities are fully explored with providers including consideration of sites 21a and 21c in Coldean- ensuring that the joint venture development of site 21 facilitates access and does not limit the prospects for development of site 21a as community led housing.*
- 2.10 *That building on the successful pilot working with Bunker Co-op, exploration of scope for development of sites such as the Dunster Close garage site in Hollingdean be progressed further enhancing the capacity of cooperative partners.*
- 2.11 Recommends the report to Policy, Resources & Growth Committee as ~~set~~ out at paragraphs ~~2.3 to 2.10~~ **2.12 to 2.21**

~~That~~ **Policy, Resources & Growth Committee:**

- 2.12 Agree the Business Plan in Part 2 of the report and delegate authority to the Executive Director Economy, Environment and Culture to take all steps necessary to enable and facilitate the implementation of the Business Plan;
- 2.13 ***Agree that the joint venture should seek, within the constraints of the agreed business plan, to maximise the use of photo voltaic and other energy saving measures and that plans to achieve this should be reported to Housing & New Homes committee;***
- 2.14 Authorise the disposal of Former Belgrave Site Day (South Portslade Industrial Estate), Clarendon Place, Portslade (as shown in Appendix 1) by way of long leasehold and that delegated authority be given to the Executive Director Economy, Environment and Culture, Assistant Director of Property & Design and Executive Lead Officer Strategy, Governance & Law to agree terms and execute all legal documentation necessary to dispose of the site to the LWJV;
- 2.15 Authorise the disposal of Land north of Varley Halls, Coldean Lane, Brighton (as shown in Appendix 2) by way of long leasehold and that delegated authority be given to the Executive Director Economy, Environment and Culture, Assistant Director of Property & Design and Executive Lead Officer Strategy, Governance & Law to agree terms and execute all legal documentation necessary to dispose of the site to the LWJV;
- 2.16 Authorise the disposal of Land north west of Whitehawk, Brighton (as shown in

Appendix 3) by way of long leasehold and that delegated authority be given to the Executive Director Economy, Environment and Culture, Assistant Director of Property & Design and Executive Lead Officer Strategy, Governance & Law to agree terms and execute all legal documentation necessary to dispose of the site to the LWJV;

- 2.17 Note the value for the disposals will accord with the valuations for each of the sites assessed by Savills and set out in Part 2 of the report;
- 2.18 Agree the capital receipts from the disposal of these sites are used for the council's investment into the Living Wage Joint Venture;
- 2.19 Approve the inclusion of loans to the Living Wage Joint Venture within the Councils Capital Investment Programme in line with agreed drawdowns approved by the Living Wage Joint Venture Board ~~and~~;
- 2.20 Agree the appointment of the council's representatives on the Board of the Limited Liability Partnership (LLP) and the Design & Build subsidiary company;  
**and**
- 2.21 ***Agree that a review be undertaken by the Board into the model levels of maintenance costs after year 10 in the business model, with the outcome of this review to be reported to Housing & New Homes committee."***
- 39.5 Councillor Gibson stated that the purpose of the amendment was to enable the council to pursue the Joint Venture project without closing down opportunities to work with the Community Land Trust, and to look at specific possibilities with a report back to the committee. Councillor Gibson noted the concerns of the Coldean residents but was also aware that the timescales in which it was likely that a community land project could develop to the point of build was considerably longer than the joint venture. The amendment would enable the committee to reaffirm close working with the Community Land Hub Group.
- 39.6 Councillor Mears stressed the importance of consultation with the community. She referred to page 21 of the agenda which showed a map of Whitehawk/Brighton Race Course and asked where the road for the development would be situated and expressed concerns about site costs. Councillor Mears made the point that the recommendations were in Part 1 of the agenda before members had had an opportunity of discussing the business plan in Part Two.
- 39.7 In response to Councillor Mears questions the following was confirmed:
- With regard to the Whitehawk Road site access, the project was at very early stage and detailed work had not been carried out yet. Officers were looking at the best way to gain road access, while engaging with the community throughout the process. The details of site access would eventually be taken to the Living Wage Joint Venture Board.
  - It was confirmed that with regard to site costs, in valuing the sites, road access was one of the main elements which would help to depress the value of the site.

Although the cost of site acquisition had been increased in the business plan, that would include site abnormal costs.

39.8 Councillor Robins supported the proposal. He specifically mentioned the proposal in Portslade and was pleased that housing would be put back on this site.

39.9 Councillor Druitt welcomed the proposal which was a fantastic opportunity. He raised the following points:

- He questioned how drawdown as per need would work in practice.
- He stressed the need to carry out appropriate consultation in order to gain the support of communities. He asked if there was any way more work could be carried out to identify how the community could become involved on the scale needed. He asked how the council could work better with the community so community led schemes could be developed.
- Road access to the Coldean site was a very steep hill and needed to be planned carefully.

39.10 Councillor Bell made the following points:

- The Committee were discussing items in the recommendations that should be discussed in part Two.
- The Committee had not received a recommendation from the Joint Venture Board.
- Figures with regard to the allocation policy were questioned.
- How had the figure increased to £60m.

39.11 In response to Councillor Druitt's and Councillor Bell's questions it was explained that:

- Work on the new allocations policy was currently being progressed. The proposal was to reduce it to between 6000 and 8,000 by next March, however everybody who was removed from the list had the right of appeal, and a large number of people were taking up that right.
- With regard to drawdown, the strategic Financial Model set out the overarching position for the first five years and that was included in five year medium term financial strategy. The Board would agree to progress various business plans for particular sites. Assuming they were in line with the overarching business plan, that would set out the cash flow requirement through the scheme to draw down. A requirement would come back to both Hyde and the Council for the money when it was needed.
- With regard to a question as to why the financial investment had increased to £60m part of the due diligence process was to relook at some of the assumptions in the business plan. One in particular was the land costs and the cost of purchasing sites, and any site abnormal costs of particular sites.
- The government had a Community Housing Fund, and the council had led bids for significant amounts of money from that fund. The Council were working with the community housing sector including the Community Land Trust to build that capacity. The Council would continue to bid for money and work with the community housing sector.

- With regard to the transfer of the site, the decision being made this meeting would give the Joint Venture the option of taking forward sites subject to conditions, including planning condition. It would need to meet all the conditions within the OSLA as set out in the report. It would also be up to the Joint Venture Board to decide whether to go ahead with the purchase of those sites, based on reports on viability and feasibility of those sites being delivered
- Coldean Lane was a busy road and this issue would require significant input from transport officers in the development process.

- 39.12 The Executive Lead Officer - Strategy Governance & Law advised that in regard to the process and the business plan, the committee did not have to vote on the Part One recommendations until after it had discussed the Part Two papers in detail. He suggested that firstly, questions should be asked in Part One. If members wanted to discuss the business plan it was in order for the Committee to move to Part Two for that discussion. The committee could then come back to Part one to make a decision.
- 39.13 Councillor Cattell supported the recommendations but questioned whether recommendation 2.9 would fetter the council, or change any of the existing issues on the City Plan. Councillor Cattell stated that the wording of recommendation 2.13 appeared to be committing the council to the use of photo voltaic panels in every scheme. She suggested that the words “where appropriate” could be added to the recommendation as they would not be appropriate in all circumstances.
- 39.14 Councillor Moonan thanked officers for all their hard work. The scheme would result in 1000 new affordable homes for people in Brighton & Hove, half for rent and half for shared ownership. With regard to the issue about consultation, she was reassured by officers saying the decisions being made were only in principle. There would be a full community consultation, where all of the detail would be available. A final decision would be made by the Joint Venture Board. Councillor Moonan supported Councillor Gibson’s amendment.
- 39.15 At this point in the proceedings it was agreed to move into Part Two for a discussion on the Part Two appendices. The discussion is contained in the Part Two minutes at Item 40. Members of the press and public were asked to leave the Chamber and the webcast was paused.
- 39.16 Following discussion in Part Two the Committee moved back to a Part One discussion and members of the press and public were invited back to the Chamber and the webcast was restarted.
- 39.17 Councillor Gibson referred to the concerns raised about consultation. He asked what the consequences would be for the Committee if two of the sites were approved and the Coldean site delayed.
- 39.18 The Executive Director, Economy, Environment & Culture stated that going forward with two rather than three sites would not give the Joint Venture the strongest start. He hoped that the Committee would want to give the Joint Venture the best chance of success. The Green amendment sought to ensure that officers looked at other options for supporting community housing groups.

- 39.19 Councillor Mears stated that she considered that the Policy, Resources & Growth Committee should have first been asked to agree to the Joint Venture Board being set up. Sites should then be evaluated through the Board.
- 33.20 Councillor Druitt asked for confirmation that authorising the disposal of these three sites did not mean that the Board had to buy them.
- 39.21 Councillor Moonan stated that she believed that Housing & New Homes Committee was recommending to Policy Resources & Growth Committee that they authorise the setting up of the Joint Venture and that the committee had considered three potential sites for the Joint Venture put forward by the officers. The Committee were not making a decision that the sites would go into the Joint Venture. The Committee were authorising the disposal of them. More viability testing would need to be carried out by the Joint Venture Board before they considered buying the sites. The Committee were suggesting that these three sites were potentially appropriate. The Board would make decisions on whether to purchase sites and go forward with them
- 39.22 Councillor Cattell sought clarification with regard to the references to the City Plan in the amendment. The Executive Director, Economy, Environment & Culture explained that paragraph 2.9 of the amendment related to the landlord's function which was separate from the planning function. The Green amendment at paragraph 2.4 outlined what the City Plan said in relation to urban fringe sites. As these sites come forward to Planning, planning policy will apply.
- 39.23 At this point the Chair invited Members to vote on the Green amendment as set out in paragraph 39.4.
- 39.24 The Committee unanimously voted in favour of the amendment. The amendment was therefore agreed. Members voted on the original recommendations as amended and these were agreed unanimously.
- 39.25 **RESOLVED:-**

**Housing & New Homes Committee:**

- (1) Note the progress with the legal documentation required to implement the Living Wage Joint Venture; and
- (2) Note that following a successful DCLG funding award of £464,539, the capacity of Brighton and Hove Community Land Trust to deliver truly affordable housing for local people in perpetuity will be greatly enhanced. It is further enhanced by the prospect of subsequent DCLG funding towards specific schemes;
- (3) Note that in the current housing strategy the council seeks to:
  - Explore the viability of Community Land Trust and wider community housing development options when land is available with a focus on maximising the social value of new developments where appropriate.
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- Share information on development opportunities with the Community Housing Network.
- (4) Note that on the urban fringe the city plan commits to:
- “further consideration and a more detailed assessment of potential housing sites will be undertaken to inform allocations made in Part 2 of the City Plan with a particular emphasis on delivering housing to meet local needs. As part of this process, the City Council will consider how best to ensure that opportunities for community land trusts, community-led development, right to build, and housing co-operatives are brought forward/ safeguarded in order to maximise housing opportunities that meet local housing needs”
- (5) Note that Brighton and Hove Fairness Commission recommends that BHCC:
- “Offer council-owned and other publicly owned land, including sites on the city fringes, brown field sites, to housing co-operatives, self-build groups and community land trusts to develop affordable social housing with the guarantee it will go to local people. Set up a revolving fund by 2018 and an advice hub to support the work of housing co-operatives, self-build groups, community land trusts and energy co-ops.”
- (6) That Housing & New Homes committee re-affirm its commitment to community-led housing and self-build housing;
- (7) That a report be provided within 6 months to a future Housing & New Homes Committee outlining the progress with, and setting out future plans for work with community housing providers to achieve the goals noted in 2.3, 2.4 and 2.5 above;
- (8) That the above report examine ways of support the council can offer in recognising the social value contribution of community land trusts and community-led housing providers, including offering re-lending BHCC PWLB loans at PWLB/ sub market rates to community-led housing providers in the context of providing urban fringe sites for not for profit providers;
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- (10) That, building on the successful pilot working with Bunker Co-op, exploration of scope for development of sites such as the Dunster Close garage site in Hollingdean be progressed, further enhancing the capacity of cooperative partners.
- (11) Recommends the report to Policy, Resources & Growth Committee as set out at paragraphs 2.12 to 2.21.

**Policy, Resources & Growth Committee:**

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