



## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE OVERVIEW AND SCRUTINY BOARD**

**THURSDAY 6TH AUGUST 2020**

**AT 4.30 P.M.**

**VIRTUAL MEETING - SKYPE - VIRTUAL**

**MEMBERS:** Councillors M. Thompson (Chairman), J. Till (Vice-Chairman), A. J. B. Beaumont, S. R. Colella, R. J. Deeming, M. Glass, C.A. Hotham, R. J. Hunter, A. D. Kriss, P. M. McDonald and C. J. Spencer

### **AGENDA**

1. Apologies for Absence and Named Substitutes
2. Declarations of Interest and Whipping Arrangements  

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Overview and Scrutiny Board held on 6th July 2020 (Pages 1 - 8)
4. Identifying and Addressing Racial Disparities Task Group (Pages 9 - 16)
5. Burcot Hostel Report - pre-scrutiny (Pages 17 - 20)
6. Burcot Lane Site Redevelopment Report - pre scrutiny (Pages 21 - 26)
7. To consider, and if considered appropriate, to pass the following resolution to exclude the public from the meeting during the consideration of item(s) of business containing exempt information:-

**RESOLVED:** that under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during the consideration of

the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraph of that part, in each case, being as set out below, and that it is in the public interest to do so:-

<u>Item No.</u>	<u>Paragraph(s)</u>
8	3

8. Burcot Lane Site Redevelopment - Appendix 1 (Pages 27 - 30)
9. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting.

K. DICKS  
Chief Executive

Parkside  
Market Street  
BROMSGROVE  
Worcestershire  
B61 8DA

29th July 2020



## **INFORMATION FOR THE PUBLIC**

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## BROMSGROVE DISTRICT COUNCIL

### MEETING OF THE OVERVIEW AND SCRUTINY BOARD

6TH JULY 2020, AT 6.00 P.M.

#### VIRTUAL MEETING

PRESENT: Councillors M. Thompson (Chairman), J. Till (Vice-Chairman),  
A. J. B. Beaumont, S. R. Colella, C.A. Hotham, R. J. Hunter,  
A. D. Kriss, P. M. McDonald and C. J. Spencer

Observers: Councillor G. Denaro, Portfolio Holder for Finance and  
Enabling  
Councillor P. Thomas, Portfolio Holder for Leisure, Cultural Services  
and Community Safety

Officers: Ms. J. Pickering and Ms. A. Scarce and Mrs J. Gresham

13/20 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies were received from Cllr. R. Deeming and Cllr. M. Glass with  
Cllr. H. Jones attending as his substitute.

14/20 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping arrangements.

15/20 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE MEETING OF  
THE OVERVIEW AND SCRUTINY BOARD HELD ON 2ND JUNE 2020**

The minutes of the meeting of the Overview and Scrutiny Board held on  
2<sup>nd</sup> June 2020 were submitted for Members' consideration. It was queried  
by a number of Members whether the wording for the recommendation  
regarding the Discretionary Business Grant Scheme was correct.  
Democratic Services confirmed that the recommendation was circulated  
to Members prior to being taken to Cabinet for consideration and no  
amendments were received from relevant members of the Overview and  
Scrutiny Board.

**RESOLVED** that the minutes of the meeting of the Overview and Scrutiny  
Board held on 2<sup>nd</sup> June 2020 be approved as a true record.

16/20

## **IDENTIFYING RACIAL DISPARITIES WITHIN BROMSGROVE DISTRICT COUNCIL'S OPERATIONS - TOPIC PROPOSAL**

Identifying Racial Disparities within Bromsgrove District Council's Operations - Topic Proposal (Item 7) was moved forward in the agenda.

The Chairman welcomed Councillor H. Rone-Clarke, who was invited to the meeting to speak on behalf of the Topic Proposal. Councillor Rone-Clarke presented his Topic Proposal to the Overview and Scrutiny Board. Mr Jilani was also welcomed to the meeting and had been invited to support Councillor Rone-Clarke and the topic proposal. During discussions which followed Mr Jilani queried what mechanisms were in place where ethnic minorities could express their voice at Bromsgrove District Council and if there were wage disparities between workers from the BAME community at the Council.

The Head of Transformation & Organisational Development, Business Transformation reported that the Council had mechanisms in place that included the following: -

- Regular meetings with Equalities Officer
- Organisation-wide equality training including 'Dignity at Work'
- Staff Survey
- Close working with Trade Unions
- Phone a Friend scheme
- Robust job evaluation process ensuring an objective recruitment and pay procedure.

The Senior Democratic Services Officer explained that there were already two task groups currently being undertaken and that the Democratic Services team did not have the capacity to undertake a further investigation and that this Topic Proposal may have to wait until another investigation was completed. This was acknowledged by the Overview and Scrutiny Board but Members expressed that such an important topic needed to get underway in the very near future. Councillor McDonald, supported by a number of Members suggested that, as this was such an important subject, extra funds should be sought in order to carry out this additional task group or that it should take precedent over the existing work.

There was a detailed discussion regarding the Topic Proposal during which the following was debated: -

# Agenda Item 3

Overview and Scrutiny Board  
6th July 2020

- A request by Councillor Beaumont, supported by a number of Members that the wording of the Topic Proposal be amended so as to read 'Identifying if racial disparities exist within the council's operations'. This change was agreed by the Board and the wording would be amended as part of a review of the scope at the first Task Group meeting if the Topic Proposal was agreed.
- That the topic proposal could be added to the Work Programme as a regular item at the Overview and Scrutiny Board meeting, before a decision was made in respect of a task group being established.
- Further investigation by officers be made and information presented to the Board at a future meeting.
- The suspension of one of the two task groups or the Finance and Budget Working Group – this was not agreed by Members as it was felt that the current task groups were investigating important topics and the Finance and Budget Scrutiny Working Group was integral to the budget setting process.
- That a request for a recruitment process to be undertaken to increase capacity within the Democratic Services team – this was considered unworkable as the timeline to recruit to a post would be at least 3 months and probably longer given the current pandemic.

The Chairman requested a brief adjournment.

On returning from the adjournment the Board considered whether the Corporate Performance Working Group, which had not met for some time could be suspended in order to allow the task group investigation to be undertaken. Members were agreeable to this being considered as an amendment to recommendation (c) detailed within the report.

The Chairman once again thanked Councillor H. Rone-Clarke and Mr Jilaini for their presentation to the Board.

**RESOLVED** that

- a) the Corporate Performance Working Group be suspended in order that the Identifying Racial Disparities within Bromsgrove District Council's Operations Task Group investigation be undertaken;
- and
- b) Councillor P. McDonald be appointed as Chairman of the Identifying Racial Disparities within Bromsgrove District Council's Operations Task Group.

17/20

## **COVID-19 UPDATE**

The Chairman welcomed the Executive Director, Finance and Resources, to the meeting who presented the Covid-19 update report to the Board (it was noted that this report would be considered at the Cabinet meeting due to be held on 8<sup>th</sup> July 2020) and in doing so highlighted the following to Members:-

- Monthly delta returns were being made to Central Government; these included any extra costs incurred during the pandemic and any additional loss of income.
- Any current balances may be required to be used in the future, but Central Government had not yet indicated whether this was the case.
- That estimated figures presented within the report were a snap shot in time and based on some assumptions including shoppers return to the High Street and parking fees.
- That the digital transformation of the organisation had been implemented early and effectively in order to satisfy home-working during the pandemic.

Councillor P. McDonald queried what travel savings had been made during lockdown. The Executive Director, Finance and Resources undertook to find out the information and circulate to Members.

It was hoped that the next tranche of Central Government funding would aid the Leisure sector including the leisure facilities in the district.

Councillor G. Denaro, Portfolio Holder for Finance and Enabling, thanked the team for all of their hard work in an uncertain and evolving environment.

It was noted that Members had asked for a further report later in the year to be able to establish a more detailed picture of the impact of Covid-19 on the District. This was currently scheduled on the Work Programme for the October 2020 meeting.

**RESOLVED** that the report be noted.

18/20

## **BROMSGROVE SPORTING TASK GROUP FINAL REPORT - CABINET RESPONSE**

The Chairman welcomed Councillor P. Thomas, Portfolio Holder for Leisure, Cultural Services and Community Safety to the meeting.



Councillor P. Thomas presented the Cabinet response to the recommendations made in respect of the Bromsgrove Sporting Task Group report. All recommendations were agreed by Cabinet subject to the caveats included in the report.

19/20

## **STAFF SURVEY - UPDATE**

The Human Resources & Development Manager presented the update provided in respect of the Staff Survey to the Board and explained that due to the current pandemic the next staff survey had been deferred for the moment. There had, however, been two smaller scale surveys carried out, a Communications survey and a Working Arrangements survey.

The full staff survey would be undertaken at a later date and that the previous provider would be engaged again during the process. This would ensure that similar questions were asked and allow for a comparison of data to be built up.

Councillor S. Colella, who had as a result of the Staff Survey Joint Scrutiny Task Group had been appointed as Staff Champion expressed that using the same provider was a great idea as it ensured value for money. He also stated that, as part of his role, he would be interested in greater engagement in the whole process and it was agreed that he would arrange a time to meet with the Human Resources & Development Manager.

**RESOLVED** that the report be noted.

20/20

## **OVERVIEW AND SCRUTINY RECOMMENDATION TRACKER**

The Democratic Services officer presented the Recommendation Tracker to the Board. Members asked that a typographical error within the tracker be rectified. Officers agreed to undertake these amendments.

**RESOLVED** that the Recommendation Tracker be noted.

21/20

## **FINANCE AND BUDGET WORKING GROUP - UPDATE**

Councillor M. Thompson confirmed that there had not been a meeting of the Finance and Budget Working Group since the last meeting. However, the Work Programme had been reviewed and a meeting would take place in the coming weeks.

22/20

## **CORPORATE PERFORMANCE WORKING GROUP - UPDATE**

It was confirmed that there had not been a meeting of the Corporate Performance Working Group since the last meeting and as agreed earlier in the meeting it would be suspended in order that the Identifying Racial Disparities within Bromsgrove District Council's Operations task group investigation be undertaken. Councillor M. Glass who chaired the Corporate Performance Working Group would be advised of this decision.

23/20

## **TASK GROUP UPDATES**

Councillor S. Colella explained that the Impact of the Review of Library Service Task Group meeting that was held on 30<sup>th</sup> June 2020 was abandoned as the Group was not quorate and would be rearranged for a later date.

Councillor R. Hunter informed the Board that the initial meeting of the Review of Flooding Task Group was due to be held on 16<sup>th</sup> July 2020.

24/20

## **WORCESTERSHIRE HEALTH OVERVIEW AND SCRUTINY COMMITTEE - UPDATE**

Councillor J. Till explained that the information she had requested from Worcestershire County Council Health Overview and Scrutiny Committee (HOSC) had been circulated to Members of the Board.

Councillor S. Colella thanked Councillor J. Till for the information that was requested in his absence at the last meeting. He asked that Councillor J. Till ask for a more detailed response from HOSC regarding Covid-19 post code 'hot spots' in the District. Councillor J. Till undertook to request the information and circulate to the Board.

25/20

## **CABINET WORK PROGRAMME**

The Senior Democratic Officer presented the Cabinet Work Programme to the Board. Members showed an interest in respect of the Burcot Redevelopment - next steps, finance and operating model and the Replacement of Burcot Hostel with alternative suitable accommodation for Homeless Households reports. As these items were due to be considered by Cabinet on 6<sup>th</sup> August 2020 (this was an additional meeting of Cabinet which had recently been scheduled in to the Municipal Calendar) it would also be necessary to schedule an extra meeting of the Overview and Scrutiny Board. This was agreed by the Board and the meeting was agreed for 4.30pm 6<sup>th</sup> August 2020 just prior to the Cabinet meeting.

**RESOLVED** that subject to the preamble above the Cabinet Leader's Work Programme 1<sup>st</sup> July 2020 to 31<sup>st</sup> November 2020 be noted.

26/20

**OVERVIEW AND SCRUTINY BOARD WORK PROGRAMME**

Members considered the Overview and Scrutiny Board's Work Programme for 2020-21.

**RESOLVED** that the Overview and Scrutiny Board's Work Programme for 2020-21, be updated to include the items discussed and agreed during the course of the meeting.

27/20

**TO CONSIDER ANY OTHER BUSINESS, DETAILS OF WHICH HAVE BEEN NOTIFIED TO THE HEAD OF LEGAL, EQUALITIES AND DEMOCRATIC SERVICES PRIOR TO THE COMMENCEMENT OF THE MEETING AND WHICH THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, CONSIDERS TO BE OF SO URGENT A NATURE THAT IT CANNOT WAIT UNTIL THE NEXT MEETING.**

There was no other business.

The meeting closed at 7.43 p.m.

Chairman

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### OVERVIEW AND SCRUTINY BOARD

6<sup>th</sup> August 2020

#### IDENTIFYING AND ADDRESSING RACIAL DISPARITIES TASK GROUP

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service for Overview and Scrutiny	Claire Felton – Head of Legal, Equalities and Democratic Services
Wards Affected	<b>All</b>
Ward Councillor Consulted	All Ward Councillors were invited to join the Task Group
Non-Key Decision	

#### **1. SUMMARY OF PROPOSALS**

- 1.1 At the previous meeting of the Overview and Scrutiny Board held on 6<sup>th</sup> July 2020, the Identifying and Addressing Racial Disparities Task Group was established, with Councillor P. McDonald being appointed as Chairman.
- 1.2 As agreed Members (with the exception of Members of the Cabinet) were contacted, requesting that anyone who had an interest in becoming a Member of the Task Group contact the relevant officer within a set timescale.
- 1.3 Group Leaders were also informed of the establishment of the new Task Group.
- 1.4 Eight Councillors have shown an interest in joining the Task Group; Councillors M. Glass, A. Kriss, A. Beaumont, H. Jones, H. rone-Clarke, J Till, C. Spencer and J. King. The Overview and Scrutiny Board Inquiry/Task Group Guidelines (approved by the Board at its meeting held on 1st March 2011) recommend that task groups must be at least 4 but no more than 7 Members (including the Chairman). It is at the Board's discretion as to whether the eight Councillors who have shown interest in the Task Group are appointed Members.
- 1.5 It should be noted that with effect from 1<sup>st</sup> April 2016 and in line with the Members' Allowances Scheme, the Chairman of a Task Group is paid a special allowance of £1,331 pro rata for the length of a Task Group, upon completion of the work. A special allowance is no longer paid to Task Group Members.
- 1.6 Members are requested to consider in detail the terms of reference (see Appendix 1 'Possible Key Objectives') in order to ensure the Board is clear as to what they expect the Task Group to achieve. The Board can make amendments to the terms of reference if it wishes. Please note that the Task Group members, at the first meeting, will also be given the

### OVERVIEW AND SCRUTINY BOARD

6<sup>th</sup> August 2020

opportunity to discuss the terms of reference. However, should they wish to make any significant changes, these would need to be approved by the Board.

- 1.7 Members are reminded that when setting a timescale for a Task Group, it is usually expected that a Task Group will conclude its investigations within four to six months from the date of the first Task Group meeting. However, the Board can decide that certain topics require more time to ensure complex issues are properly scrutinised.
- 1.8 It is vital that appropriate officer support is provided to help ensure an effective investigation is undertaken leading to strong recommendations. Taking this into consideration, it is suggested that the Task Group commences its investigation as soon as officer support is available

### **2. RECOMMENDATIONS**

#### **2.1 Members are requested to:**

- (a) **consider and agree the terms of reference of the Identifying and Addressing Racial Disparities Task Group (see attached Overview and Scrutiny Exercise Scoping Checklist at Appendix 2);**
- (b) **consider and agree the membership of the Task Group;**
- (c) **decide upon the length of time the Task Group will have to carry out its investigations (Task Groups are normally expected to conclude their investigations within six months from the date of the first meeting); and**
- (d) **request the Task Group to commence its investigation as soon as possible.**

### **3. KEY ISSUES**

#### **Financial Implications**

- 3.1 There are no financial implications directly relating to this report.

#### **Legal Implications**

- 3.2 There are no legal implications directly relating to this report.

#### **Service/Operation Implications**

- 3.3 None for the purpose of this report.

#### **Customer / Equalities and Diversity Implications**

## **OVERVIEW AND SCRUTINY BOARD**

6<sup>th</sup> August 2020

3.4 There are no implications directly relating to customer/equality and diversity within this report.

### **4. RISK MANAGEMENT**

4.1 None for the purpose of this report.

### **5. APPENDICES**

Appendix 1 – Identifying and Addressing Racial Disparities Task Group Topic Proposal

Appendix 2 - Overview and Scrutiny Exercise Scoping Checklist

### **6. BACKGROUND PAPERS**

None

### **7. KEY**

None

### **AUTHOR OF REPORT**

Name: Jo Gresham – Democratic Services Officer  
E Mail: [joanne.gresham@bromsgroveandredditch.gov.uk](mailto:joanne.gresham@bromsgroveandredditch.gov.uk)  
Tel: 01527 64252 ext 3031

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## **OVERVIEW & SCRUTINY BOARD**

### **Identifying and addressing racial disparities within Bromsgrove District Council's operations Task Group**

#### **Terms of Reference as at July 2020**

The Identifying and Addressing Racial Disparities within Bromsgrove District Council's Operations Task Group has been set up by the Overview & Scrutiny Board to carry out detailed scrutiny/pre-scrutiny of the above topic.

1. The Task Group be made up of 9 Members with a quorum of 6. The Task Group will meet throughout the next six months at intervals to be decided by the Group.
2. The Task Group will be a standing item on the agenda of the Overview & Scrutiny Board and either a verbal or written report will be provided at each of the Board's meetings.
3. The Task Group is able to make recommendations to the Overview & Scrutiny Board who will then put forward its recommendations for consideration by Cabinet or directly to Cabinet/Council.
4. The Task group is expected to complete the investigation in six months and provide its findings and recommendations to the Overview and Scrutiny Board in a written report at that time.

#### **Aims and Objectives of the Task Group**

Scrutiny of the Identifying and Addressing Racial Disparities within Bromsgrove District Council's Operations Task Group will cover the following areas, although this list is not exclusive:

- Identify if racial disparities exist within the Council's operations.
- How easy is it for Black, Asian, and Minority Ethnic (BAME) residents to access council support?
- Identify ways that these disparities can be dealt with.

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## OVERVIEW & SCRUTINY TOPIC PROPOSAL

This form can be used for either a Task Group or a Short Sharp Review topic proposal.

Completed forms should be returned to [scrutiny@bromsgrove.gov.uk](mailto:scrutiny@bromsgrove.gov.uk) – Democratic Services, Bromsgrove District Council.

<b>Name of Proposer: Cllr Harrison Rone-Clarke</b>	
Tel No: 07926538623	Email: h.rone-clarke@bromsgrove.gov.uk
Date: 22/06/2020	

<b>Title of Proposed Topic</b>  (including specific subject areas to be investigate)	Identifying and addressing racial disparities within Bromsgrove District Council's operations.
<b>Background to the Proposal</b>  (Including reasons why this topic should be investigated and evidence to support the need for the investigation.)	In light of recent events surrounding the death of George Floyd, more and more of us are considering how we can do more than be 'not racist', but 'anti-racist.'  It's important that we, as an authority, are constantly looking within ourselves, identifying issues with regards to race and striving to make improvements. This is not a political venture, but one of constant self-improvement.
<b>Links to national, regional and local priorities</b>  (including the Council's strategic purposes)	A commitment to equality should be a priority at all levels of government.  Strategically, this would present an excellent opportunity to identify issues within the council's operations and ensure they're fit for purpose within 21st century Bromsgrove.
<b>Possible Key Objectives</b>  (these should be SMART – specific, measurable, achievable, relevant and timely)	Identifying where racial disparities exist within the council's operations. I.E. how easy is it for BAME residents to access council support? Or Racial disparities within the Council's workforce.  Identify ways that these disparities can be dealt with.

# Agenda Item 4

Anticipated Timescale for completion of the work.	A permanent body, reporting to council regularly (at least once a year).			
Would it be appropriate to hold a Short Sharp Inquiry or a Task Group? (please tick relevant box)	Task Group	X	Short Sharp Inquiry	

**OFFICE USE ONLY - TO BE COMPLETED WHEN THE TOPIC PROPOSAL IS ACCEPTED**

<b>Evidence</b>	
Key documents, data, reports	
Possible Site Visits	
Is a general press release required asking for general comments/suggestions from the public?	
Is a period of public consultation required?	
<b>Witnesses</b>	
Officers	
Councillors (including Portfolio Holder)	
Any External Witnesses	

### **CABINET MEETING**

**6<sup>th</sup> August 2020**

#### **Replacement of Burcot Hostel**

Relevant Portfolio Holder	Cllr Shirley Webb
Portfolio Holder Consulted	N/A
Relevant Head of Service	Judith Willis
Ward(s) Affected	All wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-key decision

#### **1.0 SUMMARY OF PROPOSALS**

In February 2016 the Cabinet Committee received a report entitled ‘Replacement of Burcot Lodge Hostel’, and noted that the hostel would be closing as part of any redevelopment of the wider area. It also agreed that the Head of Community Services in consultation with the Portfolio Holder for Strategic Housing be granted delegated authority to organise the replacement of the hostel with alternative temporary accommodation to be provided by Bromsgrove District Housing Trust (BDHT), and that the cost of the alternative option for the provision of temporary accommodation be released from balances. This report sets out how Burcot hostel has now finally been replaced by alternative facilities in the district provided by BDHT.

#### **2.0 RECOMMENDATIONS**

##### **The Cabinet is asked to recommend**

- 2.1 the creation of a £35k capital budget for the scheme for the 2020/2021 capital programme funded from borrowing
- 2.2 the creation of a new net revenue budget of £41k as per 3.5 and 3.6 below to be funded from balances in 2020/2021 and an ongoing unavoidable revenue pressure for future years to be considered as part of the review of the medium term financial plan
- 2.3 the creation of a bad debt provision of £5k per annum for potential non payment of council tax liabilities as per 3.7 to be funded from balances in 2020/21 and as an unavoidable pressure from 2021/22 onwards

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6<sup>th</sup> August 2020

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#### **3.0 KEY ISSUES**

- 3.1 Careful consideration has been given to the most cost-effective way to replace the hostel and as part of this, the matter has been considered several times in detail by the Overview and Scrutiny Board, and by the Preventing Homelessness Task Group in 2016.
- 3.2 In discussion with BDHT it was agreed to replace the hostel with six units of alternative temporary accommodation from their stock. These units comprise of 2x1 beds, 2x2 beds and 2x3 beds and they will form part of the emergency facilities available to homeless households for the duration of the housing agency contract currently in place between the Council and BDHT. Currently BDHT have made good progress in terms of preparing the alternative resources, with five of the six properties now in a position to take homeless households.
- 3.3 It is also worth noting that since the outbreak of the Covid 19 crisis, the government has actively encouraged homelessness services not to place homeless households in facilities with shared living spaces and there is no indication that this will change in the foreseeable future. So from this perspective the hostel is therefore no longer fit for purpose and its closure is timely in the current circumstances.

#### **Financial Implications**

- 3.4 There is a capital requirement of £35k to complete the works on the properties. A capital budget will be needed to fund this and approval is sought for the capital monies and associated financing costs, which are minimal due to the scale of the expenditure.
- 3.5 There is an estimated net £50k budget requirement to run the scheme on going made up by the following estimates with the income being based on recovering 40% of the utilities and rent:

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	£
Ongoing Furniture/carpet replacement	5,000
Predicted Void and Safety Check Budget	22,500
Rent	27,040
Utility Cost	10,804
Income Rent	-10,816
Income Utilities	-4,322
<b>Total</b>	<b>50,206</b>
Current budget in place	9,628
<b>Total budget requested</b>	<b>40,578</b>

- 3.6 There is at present a net budget of £9,628 which can be used to offset these costs. This results in approval being required for an additional £40,578 revenue budget per annum.
- 3.7 A provision will be required to offset the potential bad debts arising from occupiers not paying the council tax when in residence as this liability arises when the units are occupied. An assessment will be carried out when the units are completed. This is estimated to be a maximum of £5k based on 40% occupancy and a revenue budget will be required to fund this.

#### Legal Implications

- 3.8 The council has a statutory duty to provide temporary accommodation to homeless households under the Housing Act 1996. Although this accommodation does not have to be furnished it is considered good practice to provide basic facilities including carpets and most local authorities do this as part of their temporary accommodation offer.

#### **4.0 Background / Service Implications**

##### Customer / Equalities and Diversity Implications

Homeless households face considerable disadvantages at a time of crisis and providing temporary accommodation offers them the opportunity to

## **CABINET MEETING**

6<sup>th</sup> August 2020

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address these. The provision of temporary accommodation can also play a role in meeting the Council's Strategic Purposes.

### **5.0 RISK MANAGEMENT**

5.1 If demand for temporary accommodation outstrips supply, there is an increased risk that households may be placed in bed and breakfast which is the most costly form of temporary accommodation placement. Supply and demand issues will therefore be monitored on an ongoing basis as part of the wider contract monitoring arrangements in place between the council and BDHT to ensure that the provision of six units as a replacement for the hostel provides adequate enough provision to avoid any increased use of bed and breakfast in the district.

5.2 The units will be funded by rental payments so it will be important for BDHT to achieve a consistent and high collection rate for rents due – this will also be monitored on a regular basis. The budget in 3.4 is based on a 40% collection rate – maximising/improving upon these collection rates will reduce the overall spend per annum.

### **6.0 BACKGROUND PAPERS**

Two written updates for Overview and Scrutiny Board on 26th October 2015 and 18th January 2016

Cabinet Report - Replacement of Burcot Lodge Homeless Hostel, Bromsgrove 3<sup>rd</sup> February 2016

### **7.0 APPENDICES**

None

### **AUTHOR OF REPORT**

Name: Derek Allen Housing Strategy Manager  
email: [derek.allen@bromsgroveandredditch.gov.uk](mailto:derek.allen@bromsgroveandredditch.gov.uk)  
Tel.: (01527) 64252 Ext: 1278



### BURCOT LANE DEVELOPMENT - next steps, finance and operating model

Relevant Portfolio Holder	Councillor Shirley Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sue Hanley – Deputy Chief Executive
Ward(s) Affected	All
Ward Councillor(s) Consulted	
Non-Key Decision	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

#### 1. SUMMARY OF PROPOSALS

This report follows the Cabinet reports in September 2017 and October 2018 - it outlines progress made since then on the Burcot Lane housing development. It considers current funding issues and an operating model which includes disposal, retention and management of the properties once construction is completed.

#### 2. RECOMMENDATIONS

**Cabinet is asked to RESOLVE that:**

- 2.1 **Officers develop a business case for the formation of a Housing Company to hold the market rent units for the Council’s consideration**
- 2.2 **The development model is progressed on the presumption that the affordable housing units will be transferred to an existing registered provider.**

#### 3. KEY ISSUES

##### Background Information

- 3.1 At the Cabinet meeting on 6 September 2017 members considered the options available to the Council regarding the 1.47 ha (3.64 acres) development site at Burcot Lane being the former Council House and Burcot Hostel site.
- 3.2 Previously members have considered disposal through an open market sale thereby securing a capital receipt (option 1), developing the site in partnership with a Housing Provider (option 2), or the retention of the site whereby its redevelopment might achieve a medium/long term revenue stream for the council (option 3). Each of these options will deliver housing, but the number of affordable homes delivered, financial risk/returns and level of council involvement varies considerably across the three options. However, the successful outcome of a bid to Homes England Local Authority Accelerated Construction Fund which resulted in an agreement to support the scheme financially reduced the level of risk in

option 3 and this is the option that the Council has pursued since then. Option 1 was discounted as it focusses heavily on home ownership and the council recognises the need to increase the number of rental options available locally to try and rebalance the local market in Bromsgrove. Option 2, working in partnership with a registered provider was discounted on the basis that such an arrangement could not provide the council with a sufficient enough and long term revenue stream. The council decided that option 3 would enable it to achieve its preferred outcomes at Burcot Lane, which were to provide policy-compliant housing for local residents that is affordable for them, and to create a sufficient, long term revenue stream for the authority. As part of option 3, the council recognised that it would need to explore the position in terms of forming a housing company to achieve its aims at Burcot Lane.

- 3.3 The application to Homes England for support from the Accelerated Construction Fund was subsequently confirmed and a Funding Agreement between Homes England and Bromsgrove District Council was signed in February 2020. Further detail about the value of the grant is contained in Appendix 1.
- 3.4 Officers have worked through a development model which would enable the Council to meet the funding requirements whilst continuing to deliver against the Council's wider strategic purposes. Potential volatility in the housing market as a result of Covid-19 increases the financial risks associated with the development model.
- 3.5 Council should note that in the light of the Covid-19 outbreak the milestones under the Funding Agreement with Homes England have been revised. Officers will continue to work with Homes England to mitigate the risks associated with the milestones as far as possible.

### Disposal options

- 3.6 The current disposal model envisages 6 units which will be sold at market value, 18 units of affordable housing and 37 units which will be offered at market rent. The 18 affordable housing units are required by planning and this number cannot change. The balance between the units for sale and units for rent could change if the economic climate necessitates.
- 3.7 Officers have sought external advice about the legal implications of different holding options for the affordable and market rent units. This advice has been included at the end of this report in Appendix 1.
- 3.8 Taking the market rent units first, these units could be sold or leased to a third party, retained by the Council, or transferred to a Council owned company. If the units were sold to a third party the Council would lose all control and any rental income and if leased would receive a reduced income. If they were retained by the Council, they would be required to be let by way of a secure tenancy under the Housing Act 1985 (known as a Lifetime tenancy). This would require the rents to be set at social rent levels following the Rent Standard 2020 and

therefore would not be open market private rented properties. They will also be subject to right to buy. Units held by a housing company would not be subject to secure tenancies or right to buy, ensuring that the Council is able through the development make market rent units available to the community in the longer term. The Company could also reinvest rental income or return profits to the Council.

- 3.9 The affordable housing element of the scheme is being developed as a requirement of planning and needs to be held in a way that meets the planning requirements relating to affordable housing. A key part of this is that the housing must be held by a registered provider (RP).
- 3.10 These units could be retained by the Council, transferred to a RP, or transferred to a Council owned company which would itself have to register as an RP. If the Council retained the units it would have to register as an RP (although with only 18 units it would not have to set up a HRA). However, the Council has no recent experience or infrastructure for providing housing and setting up such infrastructure for just 18 units is unlikely to be cost effective.
- 3.11 Registering a Council owned housing company which also holds the market rent units as a RP would add an administrative burden to that company and compromise its ability to retain the market rented units in the longer term, as they would then become susceptible to right to buy. Establishing a separate company for the 18 units is unlikely to be cost effective.
- 3.12 Given the above (as set out in more detail in the external advice), the most appropriate way of dealing with the affordable housing units would appear to be to transfer to an existing Registered Provider. The Council needs to obtain best value for these units and officers will obtain valuations of these properties (subject to the affordable housing restrictions on them). Further information on this is contained in Appendix 1.

### **Financial Implications**

- 3.13 Covid-19 has created an uncertain financial climate and officers will revisit the development model when construction tender figures have been received on 13 August 2020 and evaluated between the 14 August to 21 August 2020 and going forwards in the light of any changes to the housing market.
- 3.14 The business case for the proposed Housing Company will consider the financial implications of this model. Legislation requires that any local authority trading company is charged by the Council for all administrative and other services that it provides to it. If the business case does not show that the Housing Company is financially viable it will not be possible to proceed and other options for the disposal of the market rent units will need to be considered.

### **Legal Implications**

- 3.15 The Council is required to comply with its overarching Best Value obligations in terms of income, capital receipt and social benefit. This Best Value duty must be factored into decisions regarding disposal of any of the units.
- 3.16 The terms of transfer of the affordable housing units to an RP must take full account of the Best Value obligation. Private sale units must also be sold at best market rates. If the market rent units are transferred to a local authority trading company the company financing and the transfer would need to be structured so that the company gives full consideration for the units.
- 3.17 The Local Government (Best Value Authorities)(Power to Trade)(England) Order 2009 provides that that the Council may not undertake commercial activity through a local authority trading company without first considering and approving a comprehensive business case for the company and its proposed activity. The business case must consider the objectives of the business, the investment and other resources required to achieve those objectives, any risks the business might face and how significant these risks are, and the expected financial results of the business, together with any other relevant outcomes that the business is expected to achieve. Moreover, the Order provides that the Council must recover from the company the costs of any accommodation, goods, services, staff or any other thing that it supplies to the company in the course of its business. The business case must therefore address the way in which the Council will provide resources to the company and how the company will pay for these.
- 3.18 The establishment and operation of local authority trading companies also requires consideration of the State Aid regime and the *Teckal* exemption, which allows for the procurement of goods and services between the local authority and the company without external competition. These matters will need to be considered fully by the Council when it considers the business case.
- 3.19 The Council cannot prejudge the outcome of its consideration of the business case so it cannot at this stage make any decision to establish a housing company.

#### **Service / Operational Implications**

- 3.20 These are outlined in detail in the 2017 and 2018 reports. Key ones include establishing the best way to provide ongoing support and housing management to future tenants and dovetailing development works in with BDHT's regeneration activity in the area.

#### **Customer / Equalities and Diversity Implications**

- 3.21 Increasing the supply of affordable housing in the district helps households on low incomes by providing them with good quality and secure accommodation options. Improvement in the market rent sector will help rebalance the private

rented sector in the district.

**4. RISK MANAGEMENT**

- 4.1 Risks remain around the revised milestones as contained in the appendices and in the light of the economic outfall from Covid-19. Officers will continue to monitor and mitigate these risks and the issues raised by Covid-19 will be considered in more detail by the housing company business case.

**5. APPENDICES**

Appendix 1 - External legal advice, Homes England milestones, grant detail and further information on disposal options (information exempt)

**6. BACKGROUND PAPERS**

Report to Cabinet Site Disposal Burcot Lane, Bromsgrove 6<sup>th</sup> September 2017 and 31<sup>st</sup> October 2018.

**7. KEY**

N/A

**AUTHOR OF REPORT**

Name: Derek Allen

email: [derek.allen@bromsgrove.gov.uk](mailto:derek.allen@bromsgrove.gov.uk)

Name: Sue Hanley – Deputy Chief Executive and Executive Director

email: [sue.hanley@bromsgroveandredditch.gov.uk](mailto:sue.hanley@bromsgroveandredditch.gov.uk)

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