

**Report to: Cabinet**

**Date of Meeting: 8<sup>th</sup> July 2019**

**Report Title: Development of Income Generation Programme**

**Report By: Simon Hubbard, Director of Operational Services**

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## **Purpose of Report**

To review:

- i) Progress in delivering income generation activity.
- ii) How this work has become integrated with the council's wider approach to regeneration, climate change and employment.
- iii) To outline how it is proposed to take forward work to generate further sustainable income.

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## **Recommendation(s)**

1. That cabinet welcome the delivery of a range of actions that are anticipated to generate income or savings for the council circa £1.3m in a full financial year.
2. That the council should continue to acquire suitable commercial properties if they meet our investment criteria when they should become available within the Hastings Travel to Work Area (TTWA).
3. That a revised and adjusted business plan for the Hastings Housing Company be presented to Cabinet before the council commits to a further programme of investment
4. That the council should consider continuing acquiring housing directly in order to reduce the costs and social impact of extended residence in B&B. The Assistant Director Housing and Built Environment be instructed to bring a separate report and business case to Cabinet if a future programme of acquisition is viable.
5. That the council continues to direct resources to explore energy generation within the borough or elsewhere both to earn income and as part of its commitment to address climate change.
6. That generating sustainable income should be a central theme underpinning the council's major projects and its service provision.
7. That the Capital Programme be reviewed and prioritised in order to support the financing of further investment in commercial property, housing and energy within the council's overall means.

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## Reasons for Recommendations

That despite challenges the council has achieved substantial income and savings with the potential for more in the future.

That it is clear that the council's climate, housing, energy and employment creation priorities should embrace the generation of an increased sustainable income for the council wherever this is possible. Future acquisitions and development should constitute part of our capital programme delivery work of major projects.

Government policy supports investment for regeneration and economic development rather than solely income generation.

The need to address both climate change and economic growth means treating these as being closely related.

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## Introduction

1. Cabinet agreed an initial programme for income generation at its meeting on the 4th July 2016. This followed an analysis of the council's financial position that identified a potential revenue funding gap of £3.5m. The severity of this financial position has, if anything increased. The council still needs to reduce its budget deficit by £2.5m in 2020/21 if it is not to further deplete its reserves. Unallocated reserves at 31<sup>st</sup> March 2019 stood at £8.045m and the Chief Finance Officer's recommendation is they should not fall below £6m.
2. The council submitted its proposed approach to the scrutiny of a Productivity Expert allocated by the Local Government Association. This was Robin Porter then a Director of Luton Borough Council who also served as chief operational officer of the council run airport there. This provided both confirmation of the approach being developed and suggestions from him on how the council could change to meet these challenges.
3. A number of areas were identified as priorities
  - a) The development of housing for sale or rent.
  - b) Investment in commercial property and property investment funds.
  - c) Investment in more beach huts, chalets and seafront assets.
  - d) Income from parks and open spaces.
  - e) Energy.
4. A number of proposed actions flowed from this report including:
  - a) The setting up of a housing company and the development of the business case and business plan for investment.
  - b) It was proposed to both invest in new chalets and beach huts and to increase the income from the existing ones.
  - c) The council would investigate the potential to become both a generator and potential trader in power including the installation of photovoltaic (PV) cells.
5. The council adopted an income generation strategy in September 2017 and a commercial property investment strategy which committed the council to making available of the levels of investment for the period 2017/18 – 2020/21.

Table 1 – anticipated expenditure end June 2019

	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Commercial Property	9,000,000	20,000,000		
Housing	1,500,000	5,000,000	5,000,000	3,500,000
Energy		2,000,000	2,000,000	2,000,000
Total	10,500,000	27,000,000	7,000,000	5,500,000

Table 2 – Expenditure at 20 June 2019

	Allocation (£m)	Spend (£m)	Variance (£m)	Notes
Commercial Property	29	33.623	+4.623	The additional purchases will be funded using an underspend from the current Housing Company budget.
Housing Company	15	5.494	9.506	
Energy	6	0.091	5.909	This should remain committed.
Balance	50	39.208	10.792	

\*Please note the table does not include the additional capital funding allocated for emergency accommodation, as set out later in the report.

- It is suggested that the sum for energy remains committed. It is also suggested that the £4.883m remaining be allocated to cover the completed purchase of emergency accommodation and towards potential future purchases.

## Review of Activity and Returns

- It was anticipated that the allocation of up to £50m would have to be subject to issues of deliverability, individual business cases and government guidance. The £50m currently represents the upper limit of borrowing set by the council for this purpose. This can be reviewed by the council should the conditions exist to justify it.

## Commercial Property Acquisition

- Cabinet has agreed to exceed the £29m cap for commercial properties to acquire Heron House and Lacuna Place, the final figure is now £33.623m. The additional spend of Muriel Matters House and Sedlescombe Road North approved separately brings expenditure on commercial property acquisition overall to £45.8m.
- In some ways this was the most straightforward of the 3 chosen areas for investment as property was available for purchase subject to this providing regeneration outcomes or potential as well as an adequate rate of return. The council has only purchased commercial property within the borough to ensure

investment in the local economy. This has advantages in terms of ease of management alongside the rest of the council's estate.

10. All purchases are considered against a set criteria and points awarded. This guidance is intended to assist in reducing risk, establishing benefits and ensuring an adequate rate of return.
11. The capital strategy is due to be reviewed before the end of September. If further opportunities arise before this date these will be brought to Cabinet individually.

The council has acquired these properties under the income generation budget.

Property	Income/Rent saved 2019/20 (£)	MRD – Interest 2019/20 (£)	Net – 2019/20 (£)	Additional 2023/24 (£)
Sedlescombe Road North	465,067	294,613	170,454	170,454
Seafront kiosks	7,900	-	-	7,900
Bexhill Road Retail Park	547,080	365,660	190,420	190,420
Sedlescombe Road North (2)	136,527	97,346	39,181	50,435
Bexhill Road – Aldi	-	-	-	93,611
Lacuna Place	427,126	355,737	71,389	250,049
Heron House	190,000	107,952	82,048	82,048
Property Fund	85,000	-	85,000	85,000
	1,858,700	1,221,308	638,492	929,917

12. The council has also:

	Income/Rent saved 2019/20 (£)	MRD – Interest 2019/20 (£)	Net – 2019/20 (£)	Additional 2023/24 (£)
Acquired Muriel Matters House – rent save and shops rent	362,000	220,880	141,200	141,200
Financed BD Foods factory expansion	401,000	91,488	(51,488)	(51,488)
Achieved income from Town Hall leasing	97,000	-	97,000	97,000
Muriel Matters Space rent earned	23,000	-	23,000	23,000

13. This means the council will earn net £1.191m p.a. in extra earned income by 2023/24 and this figure is expected to be £856k in 2019/20 inclusive of the revenue loss agreed when the extension to BD Foods premises was supported.

## Housing

14. Housing Investment takes two forms: Investment in the council's wholly-owned Housing Company; and through the direct acquisition of property for temporary use by homeless households where the council has a statutory duty to accommodate.
15. The council set up the wholly-owned Hastings Housing Company (HHC) in September 2017, with a view to it building and acquiring housing for the purposes of regeneration, whilst realising a financial return for the council. The initial business plan focused primarily on acquiring family-sized properties which were to be let to tenants on an assured shorthold basis at market rents. A 3-year street purchases programme was agreed, with a view to the company establishing itself and 'finding its feet' before moving on to a larger programme of housing development or acquisitions.
16. The HHC was incorporated and registered with Companies House on the 1 September 2017. It became functional in March 2018 after acquiring its first property at Waldegrave Street. The current Directors are:  
  
Councillor Sue Beaney; Andrew Palmer, Assistant Director for Housing and Built Environment and Carole Mount, Commercial and Technical Accountant.
17. Previous directors included Marcus Lawler, the council's Income Generation Manager, and Alan Mitchell, the council's Chief Accountant. Both left the employment of the council requiring their resignation from the Board. The company is a separate legal entity from the council and its Directors must conform to company law. The council exercises its control as the sole shareholder and sole lender rather than through individual directors. The council also approves the company's business plan.
18. The existing HHC business plan requires adjusting as several of the key assumptions underpinning it have been revisited. These include less favourable lending conditions now imposed on the company as a result of Government guidance on prudential borrowing. Additionally, the company has struggled to find suitably conditioned properties for sale on the open market at a price that produces a level of return anticipated in the original business plan.
19. At the same time, the current crisis in homelessness and temporary accommodation use has meant a change of emphasis in terms of housing priorities. In October 2018 the council agreed a programme of acquisition of temporary accommodation in order to meet its legal obligations and offset the huge costs involved in accommodating households in bed and breakfast accommodation. This became the primary focus of the Housing Acquisition Team.

## Acquisitions by Hastings Housing Company (HHC)

20. HHC has bought the following properties:

Address	Description	Purchase Price	Purchase costs	Fixtures and fittings	Stamp Duty Land Tax	Date of completion
Waldegrave Street	13 room HMO	£695,000	£30,130	£30,000	£33,973	12 March 2018
Nelson Road	1x self-contained 1 bedroom flat  1x self-contained 2 bedroom flat  1x 3 room HMO	£315,000	£17,758	£5,000	£9,450	19 February 2019
Claremont, Cambridge Road,  Cambridge Road,  Cambridge Road,  Sedlescombe Road	Portfolio of mixed commercial and residential HMOs. 45 rooms in total.	£3,880,000	£94,552	£200,000	£183,500	17 June 2019
<b>Sub-Total</b>		<b>4,890,000</b>	<b>£142,440</b>	<b>£235,000</b>	<b>£226,923</b>	
<b>Total</b>		<b>£5,494,363</b>				

\*The business plan was based on buying a portfolio of post-1980 single family dwellings. However, the return offered on larger HMOs has been more attractive than that offered for individual properties.

21. Nelson Road is managed in-house by the council's social lettings agency. The remaining properties owned by HHC are managed by an external company.
22. Now that those purchases by HHC have been completed, it is proposed that the programme is put on temporary hold whilst the business plan is reviewed.
23. From July 2019, HHC will receive rental income in the region of £24,000 per month. The interest owed to the council will be approximately £22,000 per month (excluding interest already owed). However, HHC will still need to meet monthly overheads from the remaining income, which includes management fees payable to the council. HHC will not have the funds to make any principal repayments.

24. The company itself is currently operating at a small loss once the cost of loan repayment/interest to the council is taken into account. This is a position that is not permissible in the longer term; a more ideal position would be for the company to be generating a very small profit with any surpluses being repaid back to the council in terms of dividends.
25. The levels of investment and return being achieved at this point through the company purchases is still considerably lower than that originally profiled. The business plan review will test the case for buying further property on the market or through development.

### Acquisitions by Hastings Borough Council

26. There has been a significant increase in the number of households placed in emergency accommodation. At present there are 152 households temporarily housed and the average length of a placement is 121 days. Of these, 76 of the placements require 2 or more bedrooms.
27. This trend creates a significant additional cost to the council and badly affects the quality of life of people living in emergency accommodation.
28. In October 2018, Cabinet approved the purchase of 5 units of emergency accommodation, with a capital allocation of up to £640,000 (plus stamp duty and land tax). Cabinet also amended the capital programme to include an additional £2,500,000 to acquire further properties for use as emergency accommodation. The council has prioritised the buying of family sized accommodation (2 or more bedrooms), as this gets the most significant savings.

Capital funding allocated for the purchase of emergency accommodation	£3,142,614
Funds committed at 20 June 2019	£2,949,514
Balance	£193,100

29. The council is projected to acquire a total of 17 units of emergency accommodation with the current capital funding. The units will be managed by the council's Social Lettings Agency (SLA).
30. The homes purchased and identified so far are projected to achieve savings of £200,000 per annum, compared to traditional emergency accommodation.
31. Once the original allocation is fully committed, a further report will be brought to cabinet to consider a further round of investment, in order to assist the council manage its use of emergency accommodation more cost effectively
32. The council recently secured grant funding for a team of Tenancy Sustainment Officers, who will work with households placed in emergency accommodation to improve access to long term accommodation in the private rented sector. The council has also allocated funding from its Flexible Homelessness Support Grant for rent in advance and deposits and a new rent guarantor scheme.

33. The council is currently in negotiation with Optivo regarding a service level agreement which will enable us to utilise a number of their family-sized properties as temporary accommodation. This approach is based on good practice developed in a similar local authority.
34. The council is also developing a new business case for the SLA, which is likely to recommend expanding the private sector leasing scheme. This approach would further reduce the number of households placed in emergency accommodation and reduce costs. A report on the revised business case will be brought to cabinet later in the summer.

## **Energy**

35. Energy production is a difficult field to enter quickly and only a limited number of local authorities have managed to do so. Following the income generation manager leaving the council the opportunity exists to design structures that will help us develop new projects, improve our energy efficiency and costs whilst developing a longer term approach with local and regional partners.
36. It is believed that following Brexit the UK government will need to identify further policy and funding initiatives to encourage the carbon neutral generation of power and its storage.

## **Roof top solar array**

37. Project to date  
The council has solarised two rooves within the Feed in Tariff (FIT) scheme which has now ended. We are currently reviewing options around future roof top solar on our own buildings and with partners. It is believed that the best opportunities may be larger schemes. We are in discussion with a significant local partner about a scheme. Work will commence with the estates team to assess the potential use of council owned property under these new conditions.
38. We will also continue to consider if we can work with and support community organisations which have the opportunity to register projects for access to FIT for 12 months after the ending of the wider scheme.

## **Ground Mounted Solar**

### 1<sup>st</sup> Stage - Feasibility

39. Cabinet agreed to commit up to £80,400 to examine the feasibility of ground mounted solar at Hastings Country Park and Upper Wilting Farm, subject to the advice of Natural England. Some studies need to be done before to formal advice from Natural England can be obtained.
40. Public Power Solutions Limited (PPS) (<https://www.publicpowersolutions.co.uk>) have been engaged to manage the tender process and liaising with Natural England once all the studies have been returned.

41. Natural England's advice will be included in a further cabinet report currently timed for the autumn.

2<sup>nd</sup> Stage – Planning Consent and financial feasibility

42. Should the cabinet decision following Natural England's advice be to progress to full planning consent, officers recommend tendering for an organisation to deliver the following activities:

- i) Pre planning consultation and professional studies:
- ii) Grid application to local District Network Operator
- iii) Financial modelling and business case support, including:

The findings of the feasibility study will be presented in an electronic document and will include an executive summary and recommendations.

3<sup>rd</sup> Stage – implementation

43. The final Stage would be dependent on a cabinet decision to progress with a scheme and seek planning permission. The cabinet report will set out build costs and options for delivery. This would be the key decision and will need to be preceded by an agreed programme of community engagement.

**Future Renewable energy schemes**

44. Car Park Solar Canopy

PPS offered to undertake, at no cost, a desk top analysis of the suitability of car park solar canopies of car parks in the borough which included:

- Foreshore trust car parks
- HBC car parks
- HBC owned Industrial Estate Car Parks
- Potential for additional EV charging points

45. The desk top analysis has returned with a number of potential sites, when considering size, location and shading, and it is felt worthwhile to progress to full feasibility/business case stage.

46. Officers are preparing a report for Cabinet to request authorisation to tender for a feasibility study and develop a full business case. This will cover core aspects such as planning constraint, energy generation/storage and financial viability. However, for a scheme to be viable it will need to also consider the following environmental considerations (amongst others):

- CCTV and community safety
- Street cleaning and waste services
- Future events currently held in our seafront car parks
- Impact on homeless and rough sleepers

- Potential damage by storms
- Seagull excrement

47. It is hoped that a report to Cabinet and Charity Committee will be tabled in the autumn. This scheme is likely to require additional funding beyond the current allocation which is likely to be used if the current ground mounted solar schemes proceed.

48. Officers have also proposed to SELEP that a coastal project utilising seafront car parks and other areas may be an attractive project to examine in more depth how energy development of the coast might be supported – for instance with connections to the network.

### **Management of HBC energy use**

49. The council also needs to ensure money savings and reducing carbon emissions by better control of its energy usage:

- Managing our relationship with LASER (our energy broker) better
- Proper metering throughout the estate
- LED replacements and other local energy improvements
- Reporting energy savings and reductions in emissions
- Developing a new transaction model post FIT scheme
- Future account management as we begin to generate power

### **Human resources requirements – Energy programme**

50. Members will know that a “blueprint” will be produced identifying priorities for the Council’s future and the staff and other resources needed to deliver them. This will form part of the corporate plan/budget process for 2020/21. The delivery of energy generation requires some changes now if progress is to be made.

51. It is proposed to establish and recruit an energy development/infrastructure manager post to lead the-development and delivery of a programme of capital renewable projects. This would be funded from within existing budgets in the current year but would need to be accommodated within long term structures as part of the 2020/2021 budget.

52. It is suggested that a second post be established to lead climate change work at a strategic level. The council will also need to identify the staff resource to better manage and control its own energy use. A key priority will be to work with the business support, finance and estates teams to produce a business case for the further improvement of the council’s energy efficiency.

### **Climate Change Policy**

53. A climate change motion was adopted by the Council on 13th February 2019

- “Reducing greenhouse gas emissions and planning adaptive responses to prevent and/or minimise the impact of climate change on the town and its communities.

- ii. To develop a new climate policy ‘To make Hastings carbon neutral by 2030’ aiming for the borough to become energy self-sufficient through local sustainable energy generation”

54. The climate change motion has a potentially profound impact on the choices the council makes in terms of policy development and delivery priorities. In terms of energy the council will need to look at both generation and energy efficiency.

55. The existing climate change policy will be updated and expanded to incorporate the council’s adopted policy and a project plan will sit underneath this policy to deliver the programme that will be agreed by Cabinet.

## **Local Plan**

56. The Climate Change motion and the delivery of significant energy projects anticipates the council will use the current review of the Local Plan to introduce policy requirements that new buildings should meet the most rigorous possible energy efficiency standards (for example, the ‘Passivhaus’ standards), include electric vehicle charging points in new housing and commercial developments, minimise the impacts of climate change (for example, by making sure contribution to flooding is minimised) and include solar arrays or other sustainable energy generation wherever possible.

57. The Local Plan will need to identify sites for energy generation, storage and distribution. The implications for both conservation and energy efficiency need to be addressed. This is critical in a Borough with old housing stock and very significant conservation area coverage.

58. Planning Policy have tendered for a Renewable Energy Study, to inform policy within the new refreshed local plan. This study will return a report in two stages.

59. The first stage will advise the policies needed to form the local plan, and will also aim to:

- Identify the technical potential for renewable and low carbon energy
- Provide the evidence to enable any suitable areas for renewable and low carbon energy generation to be included in the plan
- Consider planning policy requirements for renewable and low carbon development in conservation areas
- Recommend planning policy options in relation to renewable and low carbon energy for the Local Plan Review that helps meet the Council’s motion on carbon neutrality for the borough.

60. Stage 2 will go further and will form the basis of an action plan as it will recommend appropriate council actions and interventions including those relating to buildings and land and assisting initiatives by the private sector.

## **Strategic work around energy policy and opportunity**

61. The South East Local Enterprise Partnership (SELEP) has worked with Coast to Capital and Enterprise 3M LEPS to produce Energy South2East. This energy

strategy covers an area from Harwich to Winchester. It offers the opportunity to work alongside other partners learning and benefiting from the project models being developed. In order to achieve the UK government's target of a 57% Co2 emission by 2032 (100% by 2050) it is anticipated nearly £15 billion would be required in investment in new technology and infrastructure. A number of potential areas of work that match the Tri-LEP objectives include:

- District heating scheme
- Energy efficiency in homes
- Off shore wind development
- Solar microgrid in landfill sites
- Solar potential in car parks
- Marketing or trading in power in partnership with others

62. HBC is working with a group of 11 coastal local authorities in a study intended to influence SELEP forthcoming Local Industrial Strategy (LIS). It is likely that energy will feature highly alongside sustainable employment and housing development. This work is currently timed to be presented to the SELEP Board in December.

### **Other initiatives**

63. The council (and Foreshore Trust) has invested in additional beach huts. In 2018 27 units were built for the council and 12 for the Foreshore Trust at a cost of £85.5k for the council and £22.7k for the Foreshore Trust. With full occupancy the anticipated income is £56k p.a. and £11k respectively. The council has also increased its charges for these facilities – at the time of writing 351 out of 357 units are occupied. Anticipated income has now risen to £257k surplus for the council and £12,500 for the Foreshore Trust.

64. The Council, following thorough reviews by individual services, has sought to increase fees and charges wherever possible in line with market rates and its fees and charges strategy. The resultant additional income in 2018/19 amounted to some £330,000 and represented a 7.2% increase. For comparative purposes this increase represents an additional sum of £192,000 above what a 3% inflationary increase would have resulted in i.e. £137,500 of income. Please note that some of the additional income may be the result of purely volume changes and that areas where there was a clear decline in volume of activity have been excluded from the above calculation. There are some areas where the fees are set by statute e.g. planning which go nowhere near covering the costs of providing the service, and some areas where the Council is able to cover its costs but is not permitted to make a surplus eg. licensing functions.

65. The Council has again looked to increase fees and charges wherever possible in 2019/20, and estimates that the additional raised will amount to some £360,000. These income figures are already built into the 2019/20 budget (which is forecasting a £1.746m deficit).

### **Governance**

66. The council set up an Income Generation Board (IGB) consisting of the Leader, Deputy Leader, Chair of Audit and senior officers to oversee the income generation process. The IGB was serviced by the Income Generation Manager.
67. The Board played a considerable role in both reviewing the setting up of the housing company structures and in considering the major commercial property acquisitions that were considered by Cabinet. The Council's senior officer team has re-organised its work patterns to focus on programme management of our major projects, income generation being one of them.
68. At the point where the Board was set up income generation was identified as needing separate structures to achieve the focus on generating new revenue income streams. However, it is clear that:
- a) Achieving long term sustainable income is substantially linked to the council's wider housing, energy and regeneration programmes
  - b) That the council must have economic development and inclusion, housing and employment objectives clearly as the key determinant in decisions regarding property acquisition and development programme if we need to borrow money from the PWLB to fund acquisitions
  - c) That the energy and housing programmes are subject to much wider national and local objectives as well as income generation.
  - d) Future income around energy and housing is unpredictable because of the uncertainty around the speed of development. This relates both to external factors, but also the council's ability to carry debt while schemes are developed.
69. It is critical however that the focus is not lost. The council needs to be able to fund new developments. Capital expenditure impacts directly on the revenue budget through borrowing costs for schemes, until this is covered by income. It is proposed that the terms of reference of the Income Generation Board be amended to 'review progress twice annually and also consider new innovation ideas for future income generation projects from staff, councillors or the public'.
70. It is proposed the following streams constitute the "core" of future work:
- Economic Development and Energy Development and Acquisition
  - Housing Development and Acquisition
  - Estate Management and Efficiency
  - New Commercial Services
  - Fees and Charges
  - Community engagement on major projects

## Implications

### Equalities and Community Cohesion

71. This programme has potentially wide ranging impacts. The evidence nationally and locally is one of a society increasingly polarised and it is important that the council works to ensure:

- a) That housing investment benefits people on low incomes as well as those who can afford market rents. With the continuing growth of the private rented sector in Hastings it's critical that social and affordable housing is built.
- b) That our commercial investments show the ability to create or sustain employment for Hastings residents within our travel to work area (TTWA) or benefit local business.
- c) Energy programmes should aim to produce benefits in terms of fuel poverty when sufficient critical mass has been achieved. Local people's employment and training should be a priority in delivering a future programme.

## **Risk Management**

72. The level of risk around interventions in housing, commercial property and energy is obviously present and cannot be avoided. Procedures exist to review risk for commercial property acquisition and the purchase of housing. Specialist advice has been obtained for the energy programme and any future ground mounted scheme would be subject to procurement procedures.

73. The council balances its risk through participation in a variety of investment schemes including housing investment funds.

74. All investment in commercial and housing property must carry risk and it will be essential to review acquisitions to see that the council continues to benefit from ownership and/or that they are being used effectively. For instance if emergency accommodation is required in the future then the council could chose to dispose or rent it out on the conventional rented market.

75. It is possible that the economy may be impacted by Brexit or wider global economic issues. However, it is clear that climate change is likely to force the pace towards public demand for low carbon electricity irrespective of Brexit.

76. The confined physical nature of the Borough is likely to mean that the space for housing will always be comparatively constrained. Inflow from higher priced areas is likely to continue. Over a period of time therefore it is likely that housing will remain a relatively secure investment. The housing company will also seek to acquire new property from HBC developments, thus securing stock which is of a known quality and in the knowledge of its value.

77. The council wishes to develop Bohemia, the town centre and in other areas. It will be necessary to prioritise projects and spend to ensure it has the organisational and financial capacity to safely deliver its programme.

## **Environmental Issues**

78. Central to this agenda is the development of new planning policy. It is intended this policy should create the opportunity for power generation and distribution and set high standards for the design of new housing.
79. The climate change motion recently adopted by council is likely to have significant impact on planning policy and demand a substantial commitment of space for the generation and distribution of power. If successfully implemented it is likely to mean substantial impact to the physical environment.

### **Economic/Financial Issues**

80. One of the most challenging aspects of the budgetary exercise is predicting the borrowing required for an ambitious programme and how risk might be shared with other partners. Given the need to finance schemes from initiation with rewards being delayed (often by years) the council will need to assess the revenue costs of development and its impact on the budget. The capital strategy will therefore become an increasingly important policy which will set the envelope for the spending and risk that the council will agree.
81. Without further investment and drawing down of external funds Hastings cannot progress economically or socially.
82. A new consultation policy will be brought forward to guide and standardise our approach involving local people and business in the development and delivery of schemes.

### **Anti-Poverty**

83. Employment, affordable and emergency housing and potential action around energy efficiency should be viewed as anti-poverty actions.

### **Organisational Consequences**

84. It will be necessary to review and divert staff resources to both meet these challenges and achieve potential savings. This report contains proposed “first step” actions with the overall review anticipated to be part of the council’s future blueprint which will set out what the council will do in the future and how we will organise ourselves to deliver these programmes

### **Local People’s Views**

85. Engagement will be critical to success. Much of what is essential for the future will cause concern and potential opposition in the present.
86. The council’s planning policies will be consulted and will need to be “policy led” in terms of expressing the council’s ambitions, although this will be subject to an examination by an Inspector. Local views need to be generally sought from a wide cross section of the public. It is important for this not to become a dialogue with just long standing participants in planning and environmental matters.

87. The council will review its consultation/engagement policies to try and secure maximum understanding and support for its overall approved and individual schemes.

## Timetable of Next Steps

Please include a list of key actions and the scheduled dates for these:

Action	Key Milestone	Due Date	Responsible
Review local plan and adopt changes	Public participation	December '19	Asst. Director Regeneration and Culture
	Publication of proposed plan	August '20	
	Adoption of plan	October '21	
Review Housing Company Business Plan	Agreement to bring plan to Cabinet before decision of Board	November '19	Asst. Director Planning and Built Environment
Acquire further premises for emergency accommodation through the Borough Council	Cabinet to consider further allocation of finance	October '19	Asst. Director Planning and Built Environment
	Acquisition of new premises		
To consider plans for energy generation and bring forward if agreed	Cabinet to consider viability and advice of Natural England on Country Park and Upper Wilting Farm	October '19	Asst. Director Regeneration and Culture
	Take forward scheme if agreed	TBA	Asst. Director Regeneration and Culture
	Appoint new energy development programme manager	October '19	Asst. Director Regeneration and Culture and Director of Operational Services
	Consider potential seafront car park solar panels	December '19	Asst. Director Regeneration and Culture

Action	Key Milestone	Due Date	Responsible
	To seek SELEP support for investment in power generation in its Coastal Policy and Local Investment Strategy	December '19	Director of Operational Services/Leader
Review of Capital Strategy	Adoption of Cabinet report	September '19	Asst. Director Finance and Revenues

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### Wards Affected

All

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### Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes

Climate change implications considered? Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	X
Crime and Fear of Crime (Section 17)	
Risk Management	X
Environmental Issues	X
Economic/Financial Implications	X
Human Rights Act	
Organisational Consequences	
Local People's Views	X
Anti-Poverty	X

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### Additional Information

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### Officer to Contact

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