

BORROWING TO FUND SOUTH EAST CALDERDALE INFRASTRUCTURE

ANALYSIS ON CALDERDALE COUNCIL REPORT

LARGE-SCALE BORROWING TO FUND INFRASTRUCTURE THAT BENEFITS PRIVATE-SECTOR DEVELOPERS AT A TIME COUNCIL'S REVENUE BUDGET AT BREAKING POINT

THORNHELLS.ORG.UK

This is perhaps the most significant financial decision for councillors in the past decade.

This paper proposes an active choice to fund debt servicing at the expense of front-line services from a revenue budget already at breaking point. The level of assumptions and risks are enormous.

At best, this represents naivety; at worst, it represents a wilful and reckless gamble with public money. The history of large infrastructure projects is littered with significant overspends, and this paper contains no reference to that possibility or how it would be managed.

This paper does not refer to the fact that there is ongoing legal action to challenge the adoption of the Local Plan.

There is a woeful lack of detail about how the borrowed money would be spent. Instead, we see only lofty aspiration and comforting reassurance.

This is an analysis of the [Calderdale Council document Funding of Infrastructure to support the Delivery of Development in Southeast Calderdale 02/24](#)

1. Purpose of Report

1.1 The Funding of Infrastructure to support the delivery of development in South East Calderdale report sets out the anticipated financial investment required by the Council between the financial years 2024/25 to 2028/29 to deliver infrastructure that would in turn facilitate the delivery of the Garden Communities at Thornhills, Brighouse, and Woodhouse, Rastrick. The infrastructure would also support the delivery of Clifton Business Park through the provision of the Clifton Link Road.

There is a reference to a Clifton Link Road but no information about the exact route of that road

1.2 The Garden Communities are allocated in the Local Plan (adopted March 2023) and are expected to deliver approximately 3000 homes in total, including approximately 740 affordable homes. The Garden Communities would also deliver other benefits, including new primary schools, community facilities, and high quality open space. The development of the Garden Communities would be in accordance with masterplans and design codes adopted by the Council through Supplementary Planning Documents.

If 25% of the new homes are to be affordable, how can that be achieved with an average premium of 17.5k per dwelling to fund the roof tax? See Appendix One for more details on Roof Tax

1.3 The proposal anticipates that the investment required to fund critical infrastructure necessary to enable delivery of these growth projects would be funded by revenue from roof tariff income and borrowing. The net revenue cost of borrowing would be met by income from the roof tariffs, in the form of Section 106 agreements. The report also sets out the roof tariff mechanism that would allow the income from the proposed developments to be achieved.

Asserts that the net revenue cost of borrowing would be met by income from roof tariffs, but this is a massive assumption, and, in any case, it only becomes true during the latter years of the plan with a huge revenue deficit in the early years.

1.4 The Garden Communities projects form part of a wider programme of transformation in Southeast Calderdale. They are closely allied to the delivery of the Clifton Business Park, which is also allocated for development in the Local Plan. The selection of a delivery partner for the Clifton Business Park is currently going through a procurement process. However, a twin track approach has been adopted whereby the Clifton Link Road construction is accelerated alongside the A641 scheme included in the proposed investment.

Actually, there is no close alliance between the delivery of the Garden Communities and the industrial estate. There is no interdependence and the Council stated this clearly in its evidence during the Local Plan inspection.

1.5 The A641 corridor improvements are fundamental to realising the transformational aspirations of the new Local Plan in Southeast Calderdale and are therefore of critical importance to the Strong Thriving Towns and Places theme of the Corporate Plan.

A641 corridor improvements are recognised as 'fundamental' and 'critical' to the realisation of the Southeast Calderdale plan, but this remains within the gift of WYCA; the A641 business case was supposed to have come before WYCA in autumn 2023 but has been delayed. How can Calderdale Council plough ahead with this level of borrowing before it knows the outcome of the A641 business case?

1.6 These strategic housing and employment sites together comprise a scale of development which is locally unprecedented. Ensuring delivery is a complex challenge, especially so given that the land is in private ownership. Work has demonstrated that delivery is reliant on actions only the Council can take. This report sets out the strategy for funding the investment required to unlock the potential of the land, significant private finance investment and local social value benefits.

At least the Council acknowledges the unprecedented scale and complexity of what is being proposed but it continues to go 'all-in' with this reckless plan without, apparently, considering cheaper, more affordable alternatives. Just as an example, why not give up the frankly weird aspiration to build an industrial estate next door to people's homes and allow houses to be built there instead, which would not require such massive infrastructure and could probably be delivered much quicker?

2. Need for a Decision

2.1 A Cabinet decision is required to recommend to Council that the level of investment outlined in the report is added to the Council's Capital Programme, when it is considered alongside the Capital and Investment Strategy in March 2024.

2.2 Cabinet is responsible for implementing the approved Capital Programme, having regard to delivery timescales, risks and financial considerations.

3. Recommendation

That Cabinet: -

3.1 Agree to the proposed investment detailed in the report to allow for the work to be undertaken on the A641/A643/Clifton Link Road, Community Hubs and schools infrastructure, and delegate responsibility for the delivery of the projects to the Director of Regeneration and Strategy in consultation with the Leader of the Council.

Very worryingly, delivery will be devolved to a very small number of individuals, including the Leader of the Council.

Is this appropriate for such a massive project? What would the scrutiny arrangements be?

3.2 Recommend to Council that investment of £52.423m in the Garden Communities scheme is added to the Council's Capital Programme, funded by:

3.2.1 Income from the roof tariff, currently forecast to be in the region of £17.459m, which will be confirmed under Section 106 agreements.

3.2.2 Borrowing of £34.964m

3.3 Recommend to Council as part of the budget process in 2025/26 and future years that the revenue implications from the investment be included in the Medium-Term Financial Plan. The initial estimates are shown in Appendix 1

Initial estimates only; how much worse could it get?

3.4 Note the latest forecast Garden Communities roof tariff rates for Thornhills and Woodhouse and for other housing development sites in the Brighouse Local Plan Area.

3.5 Delegate responsibility to the Director of Resources and Transformation and Director of Regeneration and Strategy in consultation with Leader of the Council; and the Cabinet Member for Resources to implement any changes required to the roof tariff rates detailed in the report.

Changes to the roof tax are delegated to three individuals, including the Council Leader.

4. Background and/or details

4.1 The Council adopted the Local Plan in March 2023. The Plan includes the largest housing land allocations at Thornhills and Woodhouse estimated to accommodate around 3,000 new homes by the time they are fully built out. This will form a significant part of the overall requirement for 14,950 new homes (average 997 new dwellings per annum) across Calderdale by 2032/33.

4.2 Each of the Garden Communities will include a new primary school, community facilities, parks, and landscaped areas of public open space, as well as cycle and active travel routes and bus prioritisation. The schemes have been designed to meet the Town and Country Planning Association's Garden City Principles, as well as the Council's Green and Healthy Street Policy.

The primary schools are now half the size in evidence to the Local Plan Inspector, but costs have only reduced by 30%

4.3 The Clifton Business Park is the largest employment land allocation in the Local Plan and will provide around 500,000 sq ft of new business space accommodating some 1300 new high value jobs.

The figure of 1300 new jobs on the industrial estate is untrue; 500 of these jobs would be in the construction phase and are, therefore, jobs which already exist. Of the remaining 800, a number would be relocations from elsewhere in Calderdale without guaranteeing that the empty units they vacate would be filled. The net new jobs figure could be significantly lower than 800.

4.4 The Garden Communities and the Business Park require the provision of critical infrastructure without which the schemes would be unsustainable and unable to attract private finance investment by house builders and commercial property developers.

Remember Calderdale told the Planning Inspector these developments would be viable!

4.5 The Council continues to explore potential sources of public fund grants. However, to ensure delivery against the Local Plan objectives, capital investment by the Council is necessary.

4.6 The A641 corridor programme includes some of the critical infrastructure projects necessary for the full delivery of these housing and employment development sites. In addition, there are social and community infrastructure projects within the Garden Communities schemes. The critical projects are:

- Improvements to the A643
- The Clifton Link Road
- Pedestrian links from Woodhouse Garden Community to Brighouse station
- Improvements to sustainable travel in and around Brighouse (especially improving bus circulation)
- Reducing congestion and improving traffic flow in Brighouse
- Within the new local centres at the garden communities:
 - 2 new single form entry primary schools
 - 2 community halls
 - 2 mobility hubs within the new local centres at the garden communities
- Establishing a stewardship mechanism for long-term custodianship of the Garden Communities
- Acquisition of an access strip at Woodhouse Garden Community to enable construction of the spine road.

There needs to be more detail around this list of critical infrastructure projects. This is simply a list of headlines with the first two bullet points, in particular, needing more scoping, which surely cannot be right in the context of the level of financing required.

4.7 Thornhills and Woodhouse Garden Communities

4.7.1 The Council has prepared Masterplan and Design Code Supplementary Planning Documents (SPDs) for these two schemes with the intention that they are adopted by the Council. The SPD requirements will ensure that the schemes are of the highest potential quality and are capable of delivery in a comprehensive manner. Consultation on the draft SPDs ran from 25 August to 25 September 2023. The SPDs will be considered by Full Council for adoption in February 2024.

4.7.2 The Council has commissioned an Infrastructure Delivery Cost Plan and viability assessments. This work attributes costs to the infrastructure necessary for development schemes within the Garden Communities to be funded by future house builder schemes in so far as it is viable to do so. The work also identifies project costs that are of wider benefit to the Garden Community allocations, which cannot be attributed to individual phase schemes.

The latest published Infrastructure Delivery Plan is in March 2021. Where are the current Infrastructure Delivery Cost Plan and viability assessments? These are critical documents that every councillor and public member has a right to see.

4.7.3 The extent of the works to be funded at risk by house builders has been maximised. Developer scheme costs will consequently include all roads, cycleways, sustainable drainage provision, open spaces, landscaping, new public parks, road junction improvements and utility service infrastructure. This scale of developer contribution is unprecedented in Calderdale. Extensive negotiation with builders and landowners has resulted in the primary responsibility for infrastructure and place making investment falling to those with a commercial interest. This means that uplift in land value arising from allocation in the Local Plan has been reduced. It also means that the financing responsibilities of the Council are the minimum necessary to underpin delivery of the master plans.

Land value on the Garden Suburb sites was reduced from £182,500 to £102,500 during the Local Plan Examination; now the roof tax has increased from £6,700 to £16,700/dwelling, there is unlikely to be any land value uplift.

4.7.4 Costs that cannot be allocated to phase plots include contributions to off-site road improvements on the network, including those relating to the A641, A643 and Clifton Link Road, and the construction of new primary schools, community facilities and mobility hubs. These works need to be funded and delivered by the Council.

4.7.5 These Council-delivered works are proposed to be funded through borrowing which is capable of recovery via a roof tariff mechanism levied on each new home.

4.7.6 The legality of a roof tariff mechanism was tested during the Local Plan hearings. At that time, the Council obtained Counsel opinion which confirmed this mechanism to be legal and appropriate.

Crucially, the legality of this specific roof tax proposal remains unclear. Counsel for the Clifton Village Neighbourhood Forum gave an opposing opinion to Counsel for the Council, and the paper actually acknowledges this risk later in paragraph 7.

4.7.7 The Council has engaged with landowners and future house builders on the use of a roof tariff mechanism. The Local Plan establishes this mechanism as the solution to be utilised to enable implementation of the Garden Communities schemes. The Inspector's report endorses the validity and efficacy of roof tariff mechanisms and endorses the Council's intention to utilise this financing model for the Garden Communities. Other options that were considered during Local Plan Hearings are referred to in paragraph 5 below.

4.7.8 Key stakeholders have agreed the use of a roof tariff. The Council's valuation specialist advisors Cushman & Wakefield have presented their viability assessment report findings based on proposed tariff rates derived from the capital cost estimates attributed to the critical schemes. These findings conclude that the Garden Communities are viable based on these input assumptions.

Is this referring to a new Cushman and Wakefield report? If so then all councillors need to have sight of it. If not, then it's out-of-date.

4.7.9 The capital cost of the works that would be delivered by the Council is currently forecast to be in the region of £52.423m. Section 6 of the report contains a more detailed breakdown of the anticipated overall cost of the capital investment.

'Currently' is the key word in this paragraph. Major infrastructure projects have a horrible habit of going over budget.

4.7.10 The capital investment of £52.423m would need to be met in the first instance by the Council through borrowing, repaid via the roof tariff mechanism. Incremental payments would be paid to the council at agreed trigger points during each house build phase, secured as contractual obligations through S106 planning agreements.

4.7.11 Payment of the roof tariff by phase house builders is projected by the Council's valuers over an estimated 12–18-year period. This assumes a functioning housing market, willing sellers of land, the anticipated quality of the homes influenced by the adopted Local Plan and Supplementary Planning Documents and the estimated value of the land.

A long and extremely worrying list of assumptions.

4.7.12 In total, the number of new homes proposed for the two Garden Communities is 2,964. Translation of these costs into a per home roof tariff is expected to result in a cost per unit of £16,983 for homes built at Thornhills and £12,769 for homes built at Woodhouse.

4.7.13 The Local Plan establishes that the developer contributions for the education requirements would be divided among all housing developments including allocated and windfall sites (see footnote 26 to paragraph 16.69 of the Local Plan).

Every new dwelling in Brighouse, not just the Garden Suburb Sites, will pay this roof tax. Developers, who would typically fund education and infrastructure improvements, are off the hook for these costs. Crucially, there is no cost provision for a new Secondary School.

4.7.14 In addition to the Garden Villages, there are 23 other allocated housing development sites in the Brighouse Local Plan area. These allocations of an indicative overall capacity of approximately 1,745 houses; however, these sites are at different stages of the development process (some already benefit from planning permission with Section 106 agreements that make provision for contributions to education).

4.7.15 In addition to the allocated sites, the Local Plan assumes that windfalls (i.e., sites not identified as allocations because they were too small and/or were not available at the time the Local Plan was prepared) will continue to come forward. Windfalls are by their nature difficult to predict; however, the Local Plan assumes that about 98 houses per year will come forward across the whole of Calderdale, a proportion of which will be in the wider Brighouse Local Plan area.

4.7.16 For the sites outside the Garden Villages the per unit tariff cost is expected to be £3,578. The expected roof tariff rates for the various sites are summarised in the table below:

Roof Tax	Thornhills Site	Woodhouse Site	Other Brighouse	Interest	Capital
A641/Clifton Link Road	£8,784	£4,650	£0	£6,354,674	£20,852,567
A643	£2,324	£0	£0	£1,618,127	£4,033,313
Education	£3,578	£3,578	£3,537	£2,249,168	£17,852,730
Community	£2,297	£4,542	£0	£1,642,974	£9,674,423
TOTAL	£16,983	£12,769	£3,537	£11,864,943	£52,423,033

Table 1 – Roof tariff rates and payback periods

4.7.17 Cushman & Wakefield Chartered Surveyors retained by the Council have undertaken a sensitivity analysis to examine various scenarios in relation to house prices and construction costs. In doing so, they have considered market trends over the past 22 years. The extended period over which borrowing repayments would be made (up to an estimated 18 years) renders it reasonable to assume that historic trends of growth would exceed inflation in costs. Furthermore, they point to the levers of control the Council retains via the planning process which considers each phase of house building on a 'subject to viability' basis thus mitigating the risks around recovery of the Council's investment through a roof tariff mechanism.

There is a massive assumption here: The Cushman and Wakefield analysis must be published or, at the very least, available to all councillors.

4.7.18 Work has completed by officers to mitigate risks that are an inherent feature of roof tariff mechanisms. Payments would be received by the Council as planning permissions are granted and as phase schemes are constructed. If the demand for housing land is adversely impacted by wider economic conditions, the borrowing repayment rate will slow. To offset this risk, the roof tariff would have indexation built in to ensure the ongoing costs of carrying the borrowing are reflected in future payments. Conversely, if demand outstrips supply in the local housing market (Calderdale has under-delivered its housing requirement since 2008) then the rate of repayment can increase. This means that the repayment profile arising from the roof tariff cannot be forecast with certainty, nor can full repayment be guaranteed. This market related risk cannot be eliminated; however, it can be mitigated.

This paragraph acknowledges risks that cannot be eliminated.

4.7.19 Risks in relation to the funding of the capital investment by borrowing have been mitigated via a 'triple lock' which is:

- Adoption of a Garden Communities SPD which requires all phases to pay the tariff, and which emphasises high quality place making;
- Template S106 Agreements which contain this enforceable obligation;
- Groups of landowners entering into binding Collaboration Agreements that rule out ransoms and include agreement to cooperate in the delivery of the SPD Master Plan schemes in line with an indicative programme. The terms of these agreements have been influenced by the Council having taken the advice of leading Kings Counsel.

The triple lock is presented as a mitigation but this completely ignores the fact that developers will have the Council 'over a barrel' once the £35 million has been borrowed and repayments have begun. Developers will develop at a time and place of their choosing, and knowing the Council is incurring massive hits to its revenue budget (which can only be offset by development at pace) puts developers in an incredibly strong position. One only has to look at some of the developer/landowner responses to the SPD consultations to see that they are beginning to push back against elements they foresee eating into profits even at this preliminary stage.

4.7.20 A range of potential additional security measures has been considered. These consist of restrictions on the legal title of parcels of land within the boundaries of the Garden Communities. Implementation of these security measures relies on the willingness of private landowners. Engagement with the landowners at Thornhills and Woodhouse demonstrate that these measures are unacceptable and would jeopardise delivery. It has been concluded that such measures are not available to the Council.

Further risks which cannot be mitigated

4.7.21 The mitigation measures that are available to the Council do not include a binding commitment by landowners to offer land for sale for housing development at any given time. Capturing uplifted land value can be expected to be a primary motivational factor.

4.7.22 The headline programme for the delivery of the Garden Communities is:

- Adoption of site-wide masterplan & design codes as **SPD February 2024**
- Early phase planning applications submitted at or before **March 2024**
- Early phase planning consents granted **August/September 2024**
- First homes under construction **Spring 2025**
- First homes sales **Summer 2025**
- **First Primary school open on Thornhills in September 2028/ Woodhouse in September 2030**

4.8 A641

4.8.1 The A641/Clifton Link Road interventions selected as critical require a developer contribution as they are needed to mitigate against the impact from an increased demand on the network created by the development of the garden communities and therefore support the development of the garden communities. The capital investment attached to the interventions is forecast to be £20.863m. This is an integral part of the roof tariff charge to be imposed on Garden Communities and approved housing schemes.

When, exactly, will the A641 and Clifton Link Road developments take place? What, exactly, will they look like? How many new homes can be built before this infrastructure being completed? What is Plan B if infrastructure costs escalate?

4.8.2 The A641 West Yorkshire Plus Transport Fund scheme has been awarded indicative £75.54m by West Yorkshire Combined Authority. This figure, in line with the initial funding application, was based on the Council providing match funding for those elements of the projects deemed critical to support the development of the garden communities, hence the inclusion of £20.863m in the capital investment detailed in the report.

The £75.54m allocation was made before massive construction price inflation. At the time of the A641 Consultation, Calderdale acknowledged that £75m would not fund the proposed interventions.

5. Options considered

5.1 Alternative options that would not rely on capital investment by the Council have been considered for the construction of the critical infrastructure projects. This section of the report provides an explanation as to why these options have been considered and ruled out.

5.2 Garden Communities

5.2.1 During the Local Plan hearings, the Council presented evidence detailing the alternative options that had been considered other than the roof tariff. These options were tested in relation to the Council's need to establish an approach to securing financial contributions from developers that reconciled the following requirements:

- Infrastructure being delivered at the right time
- Developers making a fair and proportionate contribution to the cost of infrastructure
- Satisfying the requirements of public funding regimes that will provide complimentary funding such as the West Yorkshire Plus Transport Fund
- Undue burdens not being placed on public resources, developers, or house purchasers
- Landowners not being disincentivised from releasing land for development on account of unfeasible upfront costs
- An adequate supply of housing land being maintained in order to ensure that the Council can meet its identified housing requirements during the Plan period
- Maintaining a five-year supply of housing land.

Remember, the Roof Tax was a late addition during the Local Plan process and did not feature in the documents sent to the government for examination

5.2.2 The Council considered the relative benefits of funding the infrastructure through Section 106 obligations or Community Infrastructure Levy. It also had regard to relatively recent changes to the regulations covering the use of CIL and Section 106. The analysis concluded that the roof tariff mechanism was the most appropriate for the Garden Communities.

5.2.3 The proposed roof tariff mechanism has been informed by the approach adopted by Leeds City Council (LCC) for the East Leeds Extension (7000 new homes). LCC consulted with a range of institutions on the use of private finance as a substitute for borrowing. The exercise concluded that the level of certainty required in the financial return and the premium that would be applied in transferring risk would add potentially unsustainable cost into the roof tariff arrangements.

5.2.4 The option for all of the critical infrastructure to be funded by house builders and private landowners has been assessed by the Council's valuers. This option has been ruled out due to a combination of:

- The consequential reduction in residual land value would be below that which it is reasonable to expect a willing landowner to sell, thereby resulting in the allocated land not coming forward for development of new homes. For example, if the cost of a new primary school were to be attributed to early phase plots, these plots would have a negative land value and would be likely to remain in agricultural use undermining the ability of Calderdale to meet its housing needs.
- The consequential reduction in profit margin below that recognised as reasonable in housing viability appraisals thereby rendering the land unmarketable to commercial house builders and their Housing Association partners. The combination of reasonable land value and a profit margin in line with market norms are essential pre-requisites for delivery.
- This infrastructure benefits multiple sites and scheme phase plots dispersed throughout southeast Calderdale. Only the Council can spread the cost equitably across all those benefitting sites.

There are very narrow margins here for developers and landowners, so where is the acknowledgement that the Council faces a significant risk of picking up unforeseen costs as an alternative to homes not being built?

5.2.5 Potential sources of public grants which could be used to off-set the Council's borrowing requirements are limited and discretionary. The Director of Regeneration and Strategy would continue to explore the potential for securing public fund support from organisations including the West Yorkshire Combined Authority and Homes England.

5.3 Risk Management

5.3.1 The Council appointed leading urban designers JTP to prepare the Masterplan and Design Code SPD for the Garden Communities. Chartered Cost Consultants Turner & Townsend were appointed to prepare the Infrastructure Cost Delivery Plan and provide specialist expertise covering civil engineering, ecology, and drainage.

5.3.2 The Council appointed planning lawyers Shoosmiths to prepare the S106 agreement template and advise on the roof tariff policy. Leading Counsel were commissioned to advise on the deliverability tests presented by the requirements of Local Plan policy.

5.3.3 Local Partnerships has provided commercial advice focussed on implementation as well as additional officer support.

5.3.4 Valuers Cushman & Wakefield and Avison Young have been retained by the Council to develop collaboration agreements between groups of private landowners, as well as to undertake viability appraisals.

5.3.5 The Council is in the process of agreeing Planning Performance Agreements with early phase house builders at Thornhills and Woodhouse. This will allow the costs associated with the management by the Council of these planning applications to be met by the applicants. This would enable the Council to retain and appoint a specialist case officer together with landscape, and highways skills to supplement in-house resources.

Note that there is no agreement signed yet

5.3.6 The template S106 agreement would require the landowners/developers to use reasonable endeavours to secure the delivery of the development in accordance with a programme.

5.3.7 The work at Clifton Business Park to conduct a compliant developer selection process is supported by specialist external advisors, with legal advice from Ward Hadaway and with commercial market advice from the specialist industrial sector agency Gent Visick in consultation with the Council's Procurement and Legal Teams. The process reflects Public Contract Rules and will satisfy the Subsidy Control rules.

No private-sector developer has come forward to develop the land, despite the majority owner being a property developer. Earlier attempts to gain government funding have failed three times, even the West Yorkshire Combined Authority declined to fund the development

5.4 Social and Economic Benefits

5.4.1 An analysis has been carried out in order to explore the economic opportunities associated with the planned pipeline of investments in Southeast Calderdale. These include the following projects:

- The Clifton Business Park;
- [The Brighouse Market Revitalisation project*](#)
- [The Brighouse Public Realm project*](#)
- [The Brighouse Industry and Skills project*](#)
- The Garden Communities housing projects; and
- The A641 Corridor Improvements Project.

*: [Brighouse Town Deal Board funded, not Calderdale Council](#)

Where is the economic analysis? This should be in the public domain

5.4.2 To deliver these projects, the analysis shows a proposed gross investment programme of c. £201.5m over the next 10 years from the Council and other public sector partners.

5.4.3 It is estimated that this investment programme would have the potential to unlock £757m of private sector investment over this period. Expressed as a ratio, this means that for every £1 of the public sector funds, the private sector is projected to invest £4.15.

No evidence to substantiate this statement

5.4.4 New residents moving into the Garden Communities would increase spend in the Brighouse area that would benefit local businesses, including retailers. The increased local spend is estimated to be £37.8m each year which would support 379 gross indirect jobs in and around Brighouse. Additionally, the Garden Communities would create 8,700 construction jobs during the build phases (12-18 years).

There is no evidence provided to substantiate this statement. If modern construction methods were used, the construction jobs on site in Calderdale could be significantly less than this number.

6. Financial implications Cost

6.1 The current forecast of the cost of critical infrastructure is £52.423m. This is comprised of a base estimate, risk allowance and assumptions about inflation to the point at which a contract is let.

Funding

6.2 As commented upon in Section 4 of the report it is anticipated that the gross capital investment would be funded in part by the income from roof tariffs received in Years 1 to 5 leaving the net capital investment to be funded in the first instance by borrowing.

The cost of borrowing would then be funded by the remaining income from roof tariffs in Years 6 to 23.

6.3 The Council would normally borrow to fund the capital investment relating to strategic infrastructure over a 20 year period and the Schools and Community Hub over a 40 year period. In order to assess the impact of the anticipated income from the various roof tariffs on the Council's overall revenue budget, the overall borrowing period has been limited to 18 years in accordance with the period of the proposed development and the roof tariff calculations.

6.4 Based on the anticipated net borrowing cost attached to the capital investment of £52.423m, and the anticipated income from roof tariffs, it is currently anticipated that the Council's revenue budget would require additional funding of £168,455, £746,985, £1,341,078, £1,929,879 and £653,511 in the financial years 2025/26, 2026/27, 2027/28, 2028/29 and 2046/47.

The overall revenue funding shortfall for the period of £4,839,808 is due to the fact that the Council is forecast to spend £52,423m in a 5 year period that cannot be matched by roof tariff income at the required level during the period.

Wow! Here it is, in cold, stark black and white. The revenue costs of this 'plan'. 2 million in Year 4. Over 4 million over the first 5 years. And this at the same time as the Council's revenue budget is being squeezed like never before?

Most people pay Council Tax in the hope of high-quality local services, not to subsidise housebuilders at the expense of those services.

There must be an assumption underlying all this that the next government will be increasing local authority funding; otherwise, these figures are indefensible. If there is such an assumption, then it needs to be made public.

6.5 It is, however, worth noting that the current forecast income from roof tariffs anticipates that the Council would be in receipt of surplus revenue funding between Years 6 and 22 of the development. Based on the anticipated rate of return of 3%, the surplus funding has the potential to achieve a surplus of £4,910,152 during the period so that would contribute towards the revenue budget shortfalls in the five years detailed in paragraph 6.4 above.

Further details relating to the above financial comments are set out in the attached Appendix 1.

6.6 Discussions are currently taking place to consider how the roof tariffs may recover the net revenue budget shortfalls detailed above.

Very important this. Where are those discussions at? Why are councillors being asked to take this massive financial leap in the dark ahead of those discussions concluding?

Risk

6.7 With a development of this nature there are a number of factors that may impact on the cost of the development and the ability of the Council to meet the anticipated cost of borrowing during the period of the development as detailed below:-

- The actual costs for all elements of the A641, A643, schools and community facilities will not become clearer until detailed designs, tendering and contract delivery has taken place.

This is an explicit admission that actual costs remain unknown

- Although the assumed level of roof tariffs is based on the most up to date information, the various roof tariffs have still to be determined and agreed with developers. The level of income from this source can be forecast but not be guaranteed.

This is an explicit admission that actual roof tariffs remain unknown!

How can councillors make this huge financial decision in the absence of more accurate figures?

6.7 The funding profile assumes a constant level of house building and income from roof tariffs over an anticipated period of 18 years. Any significant reduction in either house building, or sales would reduce the level of income generated by the roof tariffs assumed at this stage. This in turn would impact on the Council's net cash flow position during the borrowing period.

There are two paragraphs 6.7; the second one clearly sets out a massive assumption and outlines the risk of slow buildout and how this enormous risk might be mitigated is not set out adequately in this paper.

6.8 The delivery timescales will be closely monitored and mobilisation of each phase of infrastructure projects will be aligned to the rate of development of the Garden Communiti

7. Legal Implications

7.1 The provision of public infrastructure is usually considered to fall outside the provisions of post Brexit Subsidy Control provisions, provided that there will be no subsequent commercial exploitation of the infrastructure. However, where the infrastructure provides a benefit to an undertaking engaged in commercial activities it is possible that Subsidy Control will arise.

7.2 The critical infrastructure included in this report will benefit a number of developers in that it will unlock land which they own and/or can acquire for development. It is also likely that the provision of this infrastructure will enhance the value of such land. It is therefore possible that state aid may indirectly arise to these developers through the public funding of the infrastructure. Legal advice has been sought and it is believed however that recovery of the Council's costs incurred in the construction of the infrastructure via roof tariff is permissible.

The lack of clarity regarding the legal position is extraordinary. Here the Council explicitly admits that this roof tax proposal may fall foul of Subsidy Control laws. How can councillors be expected to vote for something that may actually be illegal?

8. Human Resources and Organisation Development Implications

8.1 None

9. Consultation

9.1 The Council's use of a roof tariff was outlined in detail in the Local Plan Hearing Statements and supporting evidence documents produced throughout the examination. The documents were subject to full public consultation and subsequently discussed at length during the public hearings. Initial estimates of the likely level of roof tariff were provided. The Inspector is satisfied that on the evidence submitted, the principle of the Council's approach is sound and justified. Elected Members have been consulted on the Local Plan evidence documents and were invited to attend the hearing sessions where matters were discussed in further detail.

9.2 Formal public consultation was carried out on the Garden Communities Supplementary Planning Documents during the autumn of 2023.

9.3 The Council continues to work closely with the landowners and house builders within the Garden Communities and the roof tariff mechanism linked to borrowing has been the foundation of this engagement. Following from the viability assessment work and the master planning, landowners at both Thornhills and Woodhouse who will be involved in early planning applications have been engaged as estimated proposed roof tax figures have been developed and tested.

9.4 Consultation in relation to the Clifton Business Park took place when the Council submitted its planning application and reserved matters application. This engagement included:

- Public exhibitions were held over two consecutive days in February 2019.
- 800 leaflets delivered to residents, businesses and venues in the vicinity of the site.
- Two stakeholder sessions were held on consecutive days in February 2019 which included invitations to over 100 local businesses.
- A project website which was visited 554 times by 437 users.

9.5 This consultation provided evidence of high levels of local support, as well as pockets of local objection. The Council has continued to engage with the local MP to re-emphasise the scheme's multiple benefits, and to outline the widespread and evidenced support from both business and their supply chain, as well as residential communities.

This paragraph is mendacious. The 2019 consultation about the industrial estate needed to provide evidence of high levels of local support. On the contrary, the local community is passionately opposed to the proposal. That opposition is arrogantly dismissed here as "pockets of local objection". The only support came from a small number of local businesses who expressed an interest in relocating if offered a shiny new factory built for them by the Council. This paragraph should be completely re-worded or removed as it is so misleading.

10 Environment, Health and Economic Implications

10.1 Facing a number of challenges such as economic instability, social disparities, infrastructural gaps, and environmental concerns, Brighouse is set for a comprehensive transformation. Key interventions, including economic revitalisation, housing development, community enhancement, and infrastructural improvements, are expected to reshape the town's socio-economic landscape.

11. Equality and Diversity

11.1 The investment in Southeast Calderdale presents an opportunity to deliver vibrant and mixed communities that would contribute towards a stronger sense of social cohesion.

Remember, this borrowing does nothing to alleviate economic deprivation in Town, Park, Ovenden, Mixenden, Illingworth or Warley

11.2 Access to affordable homes; the creation of employment opportunities; and increased opportunities for an active and healthy lifestyle all contribute to reducing inequality.

12. Summary and Recommendations

12.1 The Council has adopted its new Local Plan following extensive consultation with local people and stakeholders. Delivery of the two Garden Communities at Thornhills and Woodhouse are fundamental to the implementation of the Local Plan. With the adoption of the Local Plan, the Council's role now shifts from policy maker to local place leader.

The High Court ordered a judicial review into Calderdale's Local Plan, this will be heard in late April 2024.

12.2 These flagship housing development sites are investment grade opportunities for leading private enterprise suppliers, including those that operate nationally and those which are best in class in the Yorkshire region. The scale of social and economic advantage that can now be realised in southeast Calderdale is locally unprecedented.

12.3 Work has demonstrated that it is necessary for the Council to play an active interventionist role in partnership with the resources and skills of private enterprise. The investment of £52,423,031 will enable implementation of critical infrastructure to mobilise the Thornhills and Woodhouse Garden Communities schemes that underpin the growth ambitions of the Borough.

12.4 There has been robust modelling done to ensure that the rate of roof tariff set is sufficient to recover the cost of the scheme. The Council is underwriting the cashflow variance in initial expenditure compared to receipt of roof tariff income over the life of the development

That Cabinet:-

12.5 Agree to the proposed investment detailed in the report to allow for the work to be undertaken on the A641/A643/Clifton Link Road, Community Hubs and schools infrastructure, and delegate responsibility for the delivery of the projects to the Director of Regeneration and Strategy in consultation with the Leader of the Council.

12.6 Recommend to Council that investment of £52.423m in the Garden Communities scheme is added to the Council's Capital Programme, funded by:

12.6.1 Income from the roof tariff, currently forecast to be in the region of £17.459m, which will be confirmed under Section 106 agreements.

12.6.2 Borrowing of £34.964m

12.7 Recommend to Council as part of the budget process in 2025/26 and future years that the revenue implications from the investment be included in the Medium-Term Financial Plan. The initial estimates are shown in Appendix 1.

12.8 Note the latest forecast Garden Communities roof tariff rates for Thornhills and Woodhouse and for other housing development sites in the Brighouse Local Plan Area.

12.9 Delegate responsibility to the Director of Resources and Transformation and Director of Regeneration and Strategy in consultation with Leader of the Council; and the Cabinet Member for Resources to implement any changes required to the roof tariff rates detailed in the report.