

## Cabinet Member Decision Note

### Transfer of Land and authorisation of Funding Swindon Road Highworth

To: Deputy Leader and Cabinet Member for Commercialisation, Economy and Skills

Date: 10<sup>th</sup> May 2021

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Author:	Director of Housing
Wards:	Blunsdon and Highworth
Parishes Affected:	Highworth

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#### 1. Purpose and Reasons

- 1.1 This report proposes the transfer of the site at Swindon Rd, Highworth as shown in Appendix 1 in order for the Swindon Housing Company Ltd to redevelop the site for residential purposes.
- 1.2 The business case (attached at Exempt Appendix 2 but not published as it is considered that it contains exempt information under Paragraph 3, Schedule 12A, Local Government Act 1972) was presented by the Housing Company, to the CISB on 1<sup>st</sup> December 2020.
- 1.3 The details of this report will help to deliver the Council's Priority 1: 'To improve infrastructure and housing to support a growing, low-carbon economy' and contribute to delivering Pledge 6F: 'Ensure there is a range of good quality housing options in Swindon, including affordable opportunities to buy and rent' and: 'Through the Local plan review, identify brown field and green field sites for housing to deliver homes...'

#### 2. Recommended Action to be Authorised by a Cabinet Member Under Delegated Powers

##### Recommended that:

- 2.1 The Head of Property Assets, in consultation with the Director of Housing and Chief Legal Officer, be authorised to dispose of the freehold of the land at Swindon Rd, Highworth, shown edged red on the plan attached as Appendix 1 ('the Site') to Swindon Housing Company Ltd at a value of £450,000. This disposal to be on such detailed terms and conditions as are determined by the Head of Property Assets in consultation with the Chief Legal Officer and as are considered necessary in order to protect the Council's interests.

#### 3. Detail

- 3.1 This proposed development forms part of the wider house-building programme being developed by The Swindon Housing Development Company Ltd. The proposed scheme of 7 units (1 x 3 bedroom house and 6 x 4 bedrooms houses) would be delivered by the

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Further information on the subject of this report can be obtained from Mike Ash, Director of Housing [mash@swindon.gov.uk](mailto:mash@swindon.gov.uk).

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company for the benefit of the Council. The site is set out in the plan Attached at Appendix A.

- 3.2 This site is one of a number of sites recently appraised by the Swindon Housing Company on land owned by the Council. The appraisal has taken account of the key factors and constraints of the site including a pre-application Planning submission. The Company has also made an assessment of the local housing market to establish potential sale prices.
- 3.3 The project can be funded by the Housing Company drawing down loan from the existing facility agreed with the Council for the land acquisition, construction and associated fees. All profits arising from the completion and sale of the development will be returned to the Council as revenue, subject to the Company being able to declare a dividend, with the land sale returned as a capital receipt.
- 3.4 The key benefits of this project include:
  - 3.4.1 Provide a capital receipt for the sale of the land.
  - 3.4.2 Provide revenue to the Council via a company dividend from house sales.
  - 3.4.3 Direct delivery of new market housing and improved place making.
  - 3.4.4 Provide local economic stimulus through construction and house sales.
- 3.5 This proposal was reviewed by the Commercial Investment Strategy Board and officers are now seeking authority to proceed with the transfer of land to the Swindon Housing Company.

#### **4. Alternative Options**

- 4.1 Sell the land as a development site:
  - 4.1.1 The proposed developable land could be sold as a residential development site and the proposed units not physically constructed by the Swindon Housing Company. The land could be sold by the Council either with or without planning permission. Whilst the site would be built on, the Council would receive a capital receipt for the land sale but no financial benefit from house sales.
  - 4.1.2 The Council could decide not to fund the company to develop the site. This would retain the area of land which could be used for alternative purposes or

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development at a future date. Alternative sites for development are available but are yet to be fully developed to be brought forward.

#### **4.2 Re-design the scheme in its entirety:**

4.2.1 The proposed development of the site could be re-designed entirely, subject to planning permission being obtained. This could result in a different size, form, layout or unit number of the development to meet an alternative outcome. As a result, the viability of the scheme would change and thereby affecting the return on investment, either positively or negatively. In order to facilitate any major amendment to the scheme, additional time and officer engagement would be required.

#### **4.3 Undertake minor amendments to the scheme:**

4.3.1 There is the option to re-design less significant aspects of the development, such as the appearance of the properties or parking arrangements. There is no significant benefit to the Council in undertaking minor amendments to the design and / or layout.

### **5. Consultation**

5.1 The following Opposition and Minority Group Spokespersons / Ward Members have been consulted on the recommendations of the report and their responses are also summarised below:

#### **5.2 Ward Members:**

Cllr. A. Bishop – no response

Cllr. M. Penny – “please accept this [email] as my agreement to the disposal of this site”

Cllr. S. Weisinger – “in relation to development by the Swindon Housing Company on the Lower Rec. in Highworth, I have no problems with this and support this request”

#### **5.3 Opposition Spokespersons:**

Labour Cllr Dixon – “I would have liked to see that the site is developed to provide additional social housing as this is lacking in Swindon. If that is not possible then I would suggest that the proceeds of any sales go towards developing further social housing

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within the Borough. I hope that any designs put forward for the proposed houses are of the highest environmental standards, ideally to Passivhaus standards.”

Independent Tories – Cllr Donachie – “Although saddened at the loss of yet more health related activity, especially in the light of Covid, I accept that on the balance of need this is the correct decision.”

#### **6. Implications, Diversity Impact Assessment and Risk Management**

##### Financial and Procurement Implications

- 6.1 Funding for future housing developments is required through a loan from the Council to the Housing Company, which forms part of the £15M agreed at Council on 26th January 2017 (Council Minute 73, 2016/17 refers).
- 6.2 The loan from the Council to its Housing Company will be charged at a State Aid compliant rate of 5.6% (base rate + 5.5%)
- 6.3 The Government has introduced changes around accessing funding from the Public Works Loans Board. It cannot be used if the Council has any plans to buy investment assets primarily for commercial return and each Council’s s151 officer is required to confirm that this is complied with.
- 6.4 This proposal is considered to be compliant as its purpose is to deliver the Council service priority of ensuring there is a range of good quality housing options in Swindon.
- 6.5 The Housing Company will be required to make payments on a monthly basis through a tightly controlled development cash flow. The company is expected to drawdown funding from the Council in line with the future cash flow requirements on a regular basis, in line with payment requirements which will reduce the risk to the Council and ensure the company keeps interest charges to a minimum.

##### Legal and Human Rights Implications

- 6.6 Section 123 of the Local Government Act 1972 requires any disposal of land to be at the best consideration reasonably obtainable, unless the prior approval of the Secretary of State has been obtained.
- 6.7 The Head of Property Assets has had the site valued and this has assessed the value of the site at £450k. The Housing Company has made provision in its business case to pay £450k for the site.

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- 6.8 It is considered that the proposal within this report is compatible with Convention Rights.

#### Climate Change Impact

- 6.9 The recommendations would bring about a reduction in the Council's carbon footprint with the development of quality, modern and energy efficient homes.
- 6.10 The Council is committed to building sustainable, energy and thermally efficient homes that are resilient to climate change. It will achieve this by creating great places to live, in mixed and balanced communities and contribute towards the Council's ambition towards net zero carbon.

#### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 6.11 None.

#### Diversity Impact Assessment

- 6.12 No DIA has been undertaken at this time since the report does not propose any changes to service levels.

#### Risk Management

- 6.13 The current pandemic has seen delays with construction projects. The Company and its contractors are required to adhere to Government working practices that may contribute to such a delay.

#### Viability

- 6.14 The proposed development produces a return for the Council as shareholder. The scheme also meets modern and energy efficient residential design and build standards.

#### Costs

- 6.15 The Cabinet Member is asked to mindful that costs may fluctuate. Current costs are based on known benchmarks. The Company will need to mitigate and manage any cost pressures and keep the Council advised of any variances through its regular reporting requirements.

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#### **7. Consultees**

- 7.1 Corporate Director of Finance and Assets and the Chief Legal Officer (Monitoring Officer) have been consulted in relation to this report.

#### **8. Background Papers**

- 8.1 None.

#### **9. Appendices**

- 9.1 Appendix One: Plan of Swindon Rd site.
- 9.2 Appendix Two: Housing Company Business Case for development. This appendix is not for publication as it contains information that the Council considers exempt under Paragraph 3, Schedule 12A, Local Government Act 1972

#### **10. Declarations of Interest**

- 10.1 The Cabinet Member is reminded to consider whether they have any known interests in any of the matters referred to in this Decision Note. If such an interest exists this should be declared to the Monitoring Officer (or Committee and Member Services Manager), and they should take no part in the consideration of the Decision Note and should refer the Decision Note to the Leader of the Council instead for consideration.

#### **11. Sign-off**

- 11.1 The Cabinet Member is requested to respond with 5 days of the date of this report by [15<sup>th</sup> May 2021]
- 11.2 Decisions of Cabinet Members will be published in the Members' Bulletin. The Decision must not be implemented until such time that a five-day "Call-in" period has expired. This date will be specified in the Members Bulletin. If a Decision is "called-in" it will be referred to the Scrutiny Committee for consideration. It must only be implemented if the Scrutiny Committee has raised no objection. If an objection is forthcoming the matter will be referred back to the Decision-Maker.
- 11.3 The Cabinet Members are requested to support the Recommendations set out in Section 2 of this report:
- [to be signed electronically and redacted for publication]
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