

## Rother District Council

**Report to:** Cabinet

**Date:** 5 September 2022

**Title:** Disposal of Land at Blackfriars, Battle

**Report of:** Malcolm Johnston

**Cabinet Member:** Councillors Dixon and Jeeawon

**Ward(s):** South Battle and Telham

**Purpose of Report:** To confirm the previous delegation to the Chief Executive to facilitate development of housing at the Blackfriars, Battle site through Rother DC Housing Company Ltd.

**Decision Type:** Key

### Officer

**Recommendation(s):** It be **RESOLVED:** That the delegation to the Chief Executive to dispose of land at Blackfriars, Battle (as outlined at Appendix A) to Rother DC Housing Company Ltd on terms agreeable to him in consultation with the Cabinet Portfolio Holders for Transformation, Procurement and Social Value and Finance and Performance Management be confirmed.

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## Introduction

1. At its meeting on 6 September 2021, Cabinet gave delegated authority to the Chief Executive, to dispose of land at Blackfriars, Battle to the Council's Housing Company on terms agreeable to him in consultation with the (then) Cabinet Portfolio Holder for Finance and Performance (Minute reference CB21/33 refers). For the sake of accuracy and completion, the matter now falls under the Cabinet Portfolios for Transformation, Procurement and Social Value along with Finance and Performance Management.
2. The reason for bringing this report is that, although not contained in the recommendations, the body of the report (in September 2021) stated, "It was intended that the housing land would be sold to AH to procure a development partner to deliver the site. Despite AH being owned by the Council, the land must be sold in a manner that demonstrated good value. Valuation, legal and tax advice were required prior to ascertaining the precise framework and structure through which the land would be disposed. It was noted that the Council had invested significant sums in both the acquisition of land and the development of the planning permission which remained unfunded costs at this stage. Whilst the final value would be based on specialist advice, it was expected that the minimum price paid by AH should not be less than the unfunded costs incurred by the Council in making this scheme 'build ready'."

## **Discussion**

3. As the basis on which the original delegation was given has changed, and to ensure transparency in the process, it was felt to be the correct approach to bring the matter back to Cabinet and to request that the original decision is reaffirmed, while noting the changed considerations.
4. The land at Blackfriars has been the subject of a number of valuations by Royal Institute of Chartered Surveyor (RICS) qualified agents over time, the most recent giving a low land value. This is a valuation based on the assumption the Blackfriars site has a very marginal break even on the site. This valuation is being reviewed to reflect the latest economic predictions, the margins being paid to the contractors and the delivery of the original homes' specifications.
5. The latest valuation is lower than that originally anticipated by the Council and could result in a zero-capital receipt in this financial year, this could reduce the total level of funding from the Council to Rother DC Housing Company Ltd and have an impact on the timing of available funding for the Council's wider capital programme.
6. It is still envisaged that as sole owner of the Rother DC Housing Company Ltd, the Council will receive an overage receipt for the homes sold by Rother DC Housing Company Ltd. This is likely to materialise over several years and will be dependent on the phasing of the homes delivered, commercial arrangements and economic pressures.

## **Conclusion**

7. The Council established the local housing company to deliver sites within its ownership. The housing company business case, approved at Full Council, identifies the Blackfriars Battle site as one of those to be brought forward.
8. Given the complexities of the sale it is still recommended that authority be delegated to the Chief Executive to agree the terms of the sale between the Council and Rother DC Housing Company Ltd, in consultation with the Cabinet Portfolio Holders for Transformation, Procurement and Social Value and Finance and Performance Management and that the revised considerations be noted.

## **Financial Implications**

9. The Council is unlikely to receive a capital receipt for the sale of this land immediately and that may impact on the timing of future capital projects. This will be developed further through the affordability review of the capital programme to be undertaken by the Chief Finance Officer.

## **Risk Management**

10. The development of the Blackfriars site has already been identified as a high-risk project. These risks are mitigated by viability assessments of the project, which will be confirmed before any transfer of land occurs.

<b>Other Implications</b>	<b>Applies?</b>	<b>Other Implications</b>	<b>Applies?</b>
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	Yes		

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Appendices:	Appendix A - Map
Relevant Previous Minutes:	CB21/33
Background Papers:	N/A
Reference Documents:	N/A