

Report title: Land for development in Rochford, Essex	
Report to: Councillor Gagan Mohindra, Cabinet Member for Economic Development and Councillor Louise McKinlay, Cabinet Member for Finance, Commercial and Traded Services	
Report author: Gwyn Owen, Head of Essex Housing Tel: 033301 36120 Email: Gwyn.Owen@essex.gov.uk	
Date: 20 December 2018	For: Decision
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County Divisions affected: Rochford South	

NOT FOR PUBLICATION

This report contains a confidential appendix which is exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of Report

- 1.1. Further to the decision taken on 16 May 2016, by the Leader of the Council and the Cabinet Member for Finance, this report provides an update on work carried out on the proposals for Rocheway, Rochford, Essex (the Site) for the development of 14 general needs housing units, and seeks approval to award the Design and Build contract and for the retention of the scheme Employers Agent to undertake construction in order to develop the Site.
- 1.2. To agree the disposal approach for the Rocheway development.

2. Recommendations

Councillor Gagan Mohindra, Cabinet Member for Economic

- 2.1. To agree to enter into a design and build contract with the preferred bidder to progress this Site for housing at the costs outlined in the Confidential Appendix.
- 2.2. To agree that the units are sold individually through a traditional open market sales approach, through the appointment of a sales agent for the scheme, as set out in paragraph 3.6.
- 2.3. Agree that the Head of Essex Housing be given delegated authority to accept or reject bids for sales of the 14 general housing units within the remit of the

valuations provided by Savills and set out in the Confidential Appendix, and that the accepted bids satisfy Section 123 of the Local Government Act 1972.

Councillor Louise McKinlay, Cabinet Member for Finance, Commercial and Traded Services

- 2.4 Agree to revenue drawdowns as set out in the confidential appendix for costs that cannot be capitalised.

3. Summary of issue

- 3.1. There is a shortage of housing across the Essex and Rochford area. The Site is owned freehold by ECC and was occupied by a vacant school building, which was built in 1937. The school building was most recently used by Adult Community Learning prior to vacation in July 2015, before being demolished in November 2018. The Site is now surplus to ECC educational requirements.
- 3.2. The Site is in an ideal location for the development of a housing scheme, it is based in a residential area with close linkages to the town centre. Estimates of capital receipts from sale of general needs units (see confidential appendix) have been independently valued.
- 3.3. The Site is being developed over a number of staged developments, the first will be responsible for the delivery of the 14 residential units, followed by a second stage, which will include the 60 unit Independent Living for Older People, as previously agreed in the initial decision taken by the Leader of the Council and the Cabinet member for Finance published in May 2016 (FP/315/11/15).
- 3.4. Since then, the following progress has been made by Essex Housing:
- Design work undertaken and planning permission secured in October 2017 (increasing units achieved from 11 to 14 through improved scheme design).
 - Secured planning for a 60 unit Independent Living scheme for older people which will be subject to a separate provider and developer tender process.
 - Securing non-repayable Government grant (£422,120) for demolition works and ecology mitigation (complete Nov 2018).
 - Undertaking technical design and a competitive open market, two stage tender (OJEU) compliant exercise to select a construction partner for the 14 units who subject to agreement of this decision will be awarded the design and build contract.
- 3.5. The key business drivers for developing the Site are to:
- Help meet the local housing need through the development of housing;
 - Support economic growth and regeneration through the utilisation of surplus brownfield land
 - Reduce the need for development on greenbelt and greenfield land;

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- Utilise public sector land to provide additional housing units; and
 - Generate cash returns to ECC.
- 3.6. The proposed scheme consists of 14 general needs housing units which will be sold individually through a traditional open market sales approach.
- 3.7. The following strategy for disposal is recommended:
- The Sale of the 14 general needs units should be undertaken through the traditional approach of open market sale to individual purchasers. Sales can be agreed off plan (facilitated through delivery of a show home) and also following practical completion of the scheme – sales will be supported by a marketing strategy delivered by a sales agent yet to be appointed for the scheme.
 - ECC financial regulations rule that the Cabinet Member for Finance (after consulting the Cabinet Member with responsibility for Property) must approve any disposal less than the book value of the property. This is designed to satisfy section 123 of the Local Government Act 1972 – to achieve the best price reasonably possible. The sale agent will provide Essex Housing with signed declarations for any offers received stating whether or not the offer is reasonable given market conditions at the time.
 - The Head of Essex Housing will have the delegated authority to accept bids on each sale with signed declarations in place from the sales agent that this represents a reasonable price (to satisfy the Local Government Act 1972) – should the value be less than the estimated value for the unit included in the confidential appendix.

4. Options

- 4.1. Option 1 – Dispose of the land on the open market. This approach would lead to abortive costs and no annual revenue savings, and would result in a lost opportunity to develop the Site.
- 4.2. Option 2 – Continue to develop the Site out as specified in this report. The completion of 14 Private Units is needed in order to enable further development to then come forward on the site. This is the recommended option and is financially viable.
- 4.3. If the proposals in this report are approved, the next steps/ key milestones are as outlined in the table below:

Milestone Description	Target Date
CMA Approval	Dec 18
Construction of 14 private units	Jan 19- Jan 20
Sale of units	Mar 20

5. Issues for consideration

5.1. Financial implications:

5.1.1. The existing scheme budget includes the funding required for 2018/19 and the 2019/20 budget will be agreed through the 2019/20 budget setting process. A summary of the capital and revenue budget profiling is contained in the confidential appendix to this document.

5.1.2. While the project has been de-risked through the due diligence work undertaken, obtaining planning permission and undertaking the tender process for a design and build contractor some risks still exist as included within the confidential appendix.

5.2. Legal implications:

5.2.1. ECC has the power under the Local Authorities (Land) Act 1963 to develop land for the improvement or development of its area. The aim of this scheme relates principally to ensuring that housing is available to meet the needs of Essex residents.

5.2.2. The proposed building contract will be a JCT Design and Build Contract and has been procured in accordance with the Public Contracts Regulations 2015, and ECC Procurement Policies.

5.2.3. This report outlines how ECC will ensure that it does not retain any interest in the site after completion through the proposed disposal strategy for the scheme.

5.2.4. ECC will in effect be subsidising the development of a housing scheme. This is unlikely to amount to unlawful state aid because the contractor has been procured competitively and these types of services are considered to be services in the general economic interest.

5.2.5. Section 123 of the Local Government Act 1972 requires that land can only be disposed of for the best consideration reasonably obtainable or in accordance with consent granted by the secretary of state. The advice of the appointed sales agent will ensure that we get the best price available.

6. Equality and Diversity implications

6.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

6.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

6.3. An initial equality impact assessment was carried out on 05/12/18. This EqIA indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic and a section 2 Equality Impact Assessment is not considered necessary.

7. List of appendices (only include if relevant. Do not embed files):

7.1. Confidential Appendix

7.2. Equality Impact Assessment

8. List of Background papers

8.1. CMA Report (ref. FP/315/11/15)

I approve the above recommendations set out above relating to my portfolio for the reasons set out in the report.	Date
Councillor Gagan Mohindra, Cabinet Member for Economic Development	20.12.18
I approve the above recommendations set out above relating to my portfolio for the reasons set out in the report.	Date
Councillor David Finch, Leader of ECC signed off on behalf of Councillor Louise McKinlay, Cabinet Member for Finance, Commercial and Traded Services.	20.12.18

In consultation with:

Role	Date
Executive Director for Corporate and Customer Services (S151 Officer)	
Nicole Wood on behalf of Margaret Lee	19.12.18
Director, Legal and Assurance (Monitoring Officer)	
Kim Cole on Behalf of Paul Turner	19.12.18

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