

Item 9 – Farmstead Drive, Spitals Cross, Edenbridge Development

The attached report was considered by the Finance & Investment Advisory Committee on 5 September 2023. The relevant Minute extract is below.

Finance & Investment Advisory Committee (5 September 2023, Minute 24)

The Regeneration Development Project Manager presented the report and associated appendices which set out the Council's development plans at Farmstead Drive, Edenbridge. It was highlighted that during the intervening period since options appraisals were finalised and approval for the scheme was previously granted back in November 2021, there has been global economic and market events which have had a significant impact on the scheme's finances. As a result of increases to interest rates, construction and material costs and the revised scheme design the initial budget required had increased. Members were asked to endorse the recommendations and the increased budget to Cabinet and Council.

He informed the Committee that additional funding of £375,000 had been secured from the Brownfield Land Release Fund and planning permission had been granted on 17th August of this year, subject to the completion of the necessary s106 agreement and in accordance with the relevant planning conditions. Members were also advised that Quercus Housing were considering whether to purchase two units on the site for affordable housing use.

Members were advised that the scheme would provide a community and economic benefit led redevelopment that would contribute to the economic, social and environmental well-being of the area. It was important to note that the Council were able to successfully negotiate a fixed works lump sum price from the contractor, so the cost plan had a very high degree of cost certainty. Members took the opportunity to ask questions of the Officers, which focused on the financial viability of the scheme. In response to a question Members were informed that projected property values were supported by independent valuation reports and extensive survey work had been carried out with the contractor. In response to a further question Members were also informed that Officers were satisfied as to the financial stability of the contractor, Oakwood.

The Committee discussed the report and agreed that the project was at best only marginally viable, and then only on the assumption of a 5% growth in property values. When looked at in purely financial terms, therefore, the financial rationale for the project was weak. It was recognised, however, that there were significant social and community benefits to the project, which were beyond the scope of the Committee to evaluate. The Committee agreed that Cabinet should assess whether the social and community benefits outweighed the weakness of the purely financial evaluation.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

The Chairman moved the recommendations contained within the report subject to the amendment that Cabinet notes the scheme remained only marginally viable in purely financial terms and Cabinet assesses whether the social & community benefits of the project outweigh the weakness of the purely financial evaluation and it was

Resolved: That it be recommended to Cabinet that

- (a) the impacts on the project budget outlined in the report, including; recent global events and economic pressures impacting regeneration and construction and changes to the scheme design, including the provision of fewer homes, additional parking, open space improvements and community facilities as a result of feedback from the public consultation be noted; and
- (b) the scheme remained only marginally viable in purely financial terms, be noted; and
- (c) the social & community benefits of the project, be assessed to consider whether it outweighed the weakness of the purely financial evaluation; and
- (d) subject to approval of recommendation (f) by Council and planning approval being obtained, authority be delegated to the Strategic Head of Property and Commercial following consultation with the Chief Officer - Finance and Trading and the Head of Legal Services to enter into any necessary contracts to facilitate the development and construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential and commercial units; and
- (e) the development sites as outlined red in the Plan (Appendix D) for planning purposes be appropriated in accordance with the section 122 of the Local Government Act 1972 (in reliance on section 227 of the Town and Country Planning Act 1990) consequentially facilitating the Council's powers under sections 203 to 206 of the Housing & Planning Act 2016 to override any outstanding interests be approved;
- (f) that it be recommended to Council that an increase to

the total project budget by £2,741,785 to £10,351,405
be approved and the Capital Programme be amended
accordingly;