

Public Question Time

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Question 1.

Paragraph 2.7 on Page 169 of your papers says that the Council contracted to purchase the Post Hill Site for £410,000 in December 2017. But Land Registry shows the land was purchased for £492,000 in October 2020.

Can these differences be explained?

Answer:

The original purchase price was £410k as set out in the contract of sale between all parties. Subsequently, an additional c21% was due (as agreed in discussions with the relevant Planning Committee when negotiating the section 106 heads of terms). This is reflected in the Land Registry details.

Question 2

In a document dated December 2017 3 Rivers are shown as a Nominee as part of the commercial transaction to acquire the Post Hill site. Please explain the full reasons as to why this Nominee status was necessary?

Answer:

Unfortunately we do not have the information to answer this question.

Question 3

In papers presented to the Planning Committee on the 8th June 2016, as justification for the Council buying the Post Hill Land, for Affordable Homes the following is said. "*Benefits in bringing forward the development more quickly*". That was 7 years ago. Since then, David Wilson Homes, who were contractually required to build around 70 affordable homes before the Council took over this liability as part of the land purchase agreement, have now fully completed their Braid Park development with all homes occupied. Despite spending over £1 million, this Council has not put a single affordable home on the site. The Council wasted money and has effectively blocked the building of 70 Affordable Houses - how does this demonstrate the good governance that is both expected and required of a Council?

Answer:

As with any registered provider seeking to develop a site for affordable (or other) housing, full planning permission or evaluation is required and a detailed tender or other relevant procurement exercise should be undertaken to develop a robust business case.

As set out in Sections 2.10 and 2.11 of the report, MDH completed a design and feasibility study leading to securing full planning permission and evaluation of a subsequent tender. The intention being that the HRA may deliver the 70 affordable homes for retention in MDH stock.

Following a subsequent Cabinet procurement decision, a RIBA (Royal Institute of British Architects) Stage 1-4 contract was entered into with an external engineering construction consultancy in 2021. This provided for concept and feasibility studies through to detailed technical design and submission of a full planning application. These studies and tender cannot be completed without expenditure and were required for the robust tender evaluation and the subsequent appraisal set out in the report. This formed the basis of a well-evidenced conclusion that (on this occasion) the site is not viable for the HRA and did not represent good value for money. Overall, this is an assured, compliant and financially responsible approach to determining whether to proceed with a major capital project, therefore embodies good governance as is expected and required of a Local Authority.

Question 4

According to the Land Registry, 3 Rivers paid £2.75 million plus taxes in December 2019 for land in Knowle Lane, Cullompton. The land had Outline Planning permission which had only been granted on appeal after this Council supported by Cullompton Town Council had refused it. Yet this Council lent 3 Rivers the money to buy this highly contentious plot of land. 3 Rivers has done nothing with it since and has allowed the outline planning approval to lapse. Any future development will have to apply for new Planning permission, which this Council should oppose again. The Council has allowed 3 Rivers to devalue this site, how does this demonstrate the good financial governance that is both expected and required of a Council?

Answer:

Decisions have been made by the Shareholder and the company were made based on market conditions and in conjunction with external advice. Some of these conditions have changed significantly since 2019 and are well documented. It should also be recognised that planning conditions on this site changed during a period when the Shareholder was commissioning two external legal and financial governance reports and had instructed the company to stop all but live project work.

Nonetheless, as set out in Annex B of the report, this is a level site with several potential access points where no above average infrastructure requirements have been identified at this stage (and in the context of the previous planning application) to bring it forward for residential development.

Furthermore, it is in-part sited within a current Local Plan allocation for residential use (see CU-13 Local Plan) and the lapsed planning application overcame traffic objections on appeal. If the full requirements of CU-13 are met alongside Local Plan exception policy (DM6) for affordable housing outside of settlement boundary then this site is likely to be fully suitable for the use proposed. As such it would not be considered a contentious site in planning terms or in the context of the objectives of the Council's Housing Strategy 2021-25 which include the delivery more affordable housing in the district.

The lapsed planning permission was not applied for by 3 Rivers and was for a private, market development of 74 homes. In taking forward a feasibility study for

affordable housing, the HRA will be looking at a different design, bedroom/size mix and potentially an increased density of housing on the site. As such a new planning application would be required in any case.

Recommendation 4 agreed at Cabinet is for the HRA to undertake a more detailed feasibility study. As set out in the answer to Question 3 above, such a study forms part a sound financial governance approach in setting out a future robust business case for any capital development project at this site by the Council.