

Report to: Cabinet

Date: 21 March 2019

Title: Acquisition of Land in Old Orchard Road, Eastbourne

Report of: Ian Fitzpatrick, Director of Regeneration and Planning

Cabinet member: Councillor Alan Shuttleworth

Ward(s): Devonshire

Purpose of report: This reports sets out the proposal for the acquisition of land currently in the ownership of Homes England/Ministry of Justice of the former Magistrates Court and adjoining property at 35 Old Orchard Road.

Decision type: Key decision

Officer recommendation(s): (1) To delegate authority to the Director of Regeneration & Planning in consultation with the Portfolio holder for Housing and the Chief Finance Officer to take all steps to complete the purchase of Magistrates Court site and 35 Old Orchard Road, Eastbourne on terms equivalent or better than set out in this report.

(2) Approve a corresponding EBC General Fund allocation in the 18/19 capital programme as set out in the confidential Appendix 1.

Reasons for recommendations: To enable the acquisition of land to deliver new homes and facilities for the town.

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1 Introduction

- 1.1 This paper outlines proposal for the acquisition of the former Magistrates Court and 35 Old Orchard land. It also sets out the proposed next steps following the acquisition.
- 1.2 The Eastbourne Magistrates has remained vacant since its closure in 2017. 35 Old Orchard Road is currently occupied by the Probation Service who are looking to relocate to more suitable premises.

1.3 This report seeks authority to acquire the land of both existing buildings so further design can be progressed with a full report back to Cabinet in the Summer with a business case. At that point a decision can be taken on the final scheme design and whether the homes or facilities are developed within the General Fund, Housing Revenue Account or sold to a Council owned entity for delivery such as Aspiration Homes LLP.

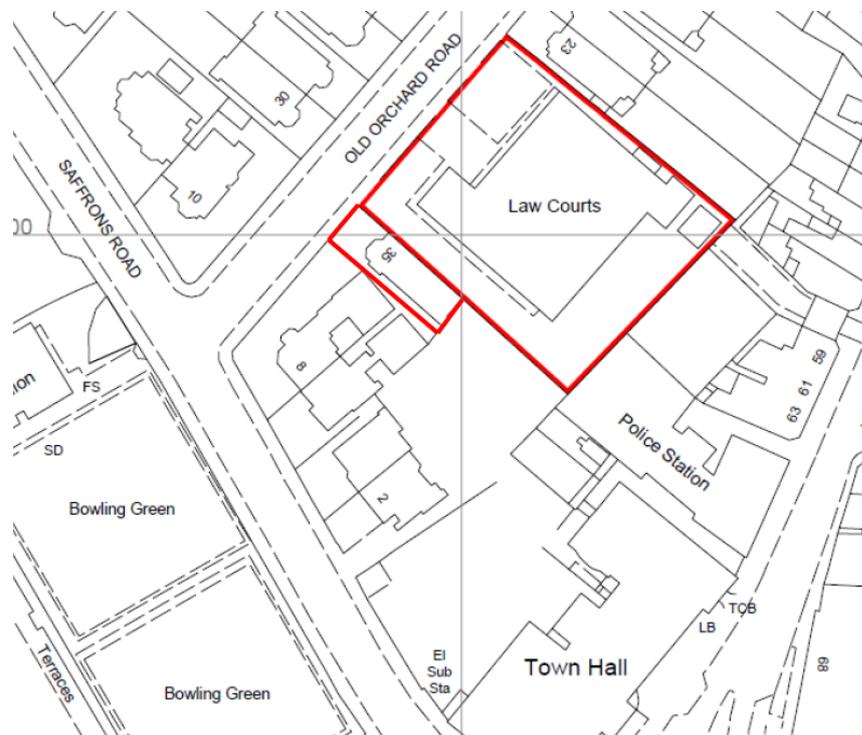
2 The Proposal

2.1 The recommendation is to purchase the land of:

- **The Old Magistrates Court, Old Orchard Road**

A value has been agreed with Home England who took transfer of the site from the Ministry of Justice. Homes England have negotiated on a 'special purchase' basis with us to enable delivery. We have undertaken our own red book valuation on the site to ensure value for money is achieved.

- **35 Old Orchard Road** – there are negotiations are underway with the Ministry of Justice with final terms to be agreed. Again any such acquisition will be subject to red book valuation.



2.2 The current scheme design and viability basis for acquisition is for affordable housing to be delivered. However there is potential for some of the development to include an alternative use such as office space. Once the land is within the Councils ownership a business case will be developed which will include the

advice from both a planning and commercial perspective.

2.3 Current Scheme – Affordable Housing

The indicative viability appraisal is set out in appendix 1 fo affordable housing. The works cost used to estimate cost of construction is based on estimates received from Clear Futures based on local market tenders.

2.4 The Council could decide to build the homes in the Housing Revenue Account or through on of its wholly owned entities. This will be subject to further due diligence based on the future use and financial viability with Cabinet taking the final decision.

3 Outcome expected and performance management

3.1 Should the delivery of affordable housing progress we would expect the delivery timetable for the new homes to be as follows:

Acquisition of Magistrates Court Site	March 2019
Acquisition of 35 Old Orchard Road	June 2019
Planning Approval	March 2020
Start on Site	June 2020
Completion	March 2022

Even if we include an alternative additional use for the site we do not foresee further delay to a start on site proposed.

4 Consultation

4.1 A full consultation process will be followed as part of the planning process. Any decision about moving existing services for the Probation service will be subject to their own internal governance procedures and consultation processes.

5 Corporate plan and council policies

5.1 The development of this site meets the Council objectives in the corporate plan delivering more homes for the town and supporting the local economy through thriving communities.

5.2 Any affordable housing will need to be compliant with the Councils Affordable Housing requirements as set out in their planning policy documents.

6 Business case and alternative option(s) considered

6.1 Overarchingly the recommendation for the Council to acquire this land is sound given our ability to then influence the future use and opportunity of this key strategic site for the town. We know that the increased demand for affordable housing in the town continues to grow and the social and financial cost of this provides a clear business case for developing more affordable housing.

6.2 As stated earlier in the report the overall mix for the scheme and whether there are alternative uses and options to include in the development of the land will be considered as part of the due diligence with a full report back to Cabinet in the Summer.

7 Financial appraisal

7.1 The Finance implications are included at Appendix 1, and the recommendation is to include the purchase price in the general fund capital programme. The development costs will be subject to a business case report in the Summer and depending on the findings the development costs will be included within the appropriate entity's capital programme.

The properties currently have been subject to an option to tax, as the Council is able to recover the VAT it is considered that the best financial option for the Council to undertake the purchase. If there is any subsequent transfer to one of Council's wholly owned entities, it will be undertaken to ensure the Council is left in a financial neutral position.

8 Legal implications

8.1 The legal implications are set out in Confidential Appendix 1

9 Risk management implications

9.1 The key risks and mitigations are set out in the following table:

Ref	Risk	Mitigations
1	Overpayment on land	<ul style="list-style-type: none">• Land purchase based on current valuations
2	Build cost overrun	<ul style="list-style-type: none">• Build costs have been provided by CSF and include 10% contingency. Building contract will be based on a fixed price contract.• Desktop surveys have been completed to assess abnormal costs
3	Long term viability	<ul style="list-style-type: none">• Scheme is for affordable rent which has high demand
4	Legal issues (set out in Confidential Appendix 1)	<ul style="list-style-type: none">• See Confidential Appendix 1

10 Equality analysis

10.1 The provision of good quality housing with a mix of tenure and affordability helps meet the need of the community. Affordable housing allows the Council to provide assistance to those in need within our community.

11 Appendices

Appendix 1 – Costs (Exempt)

12 Background papers

The background papers used in compiling this report were as follows:

- Site Location
[MoJ Location Plan.pdf](#)
- Magistrates Court Site image
[Magistrate Court Eastbourne.pdf](#)
- 35 Old Orchard Road Site image
[35 Old Orchard Road.jpg](#)