

**Wednesday, 8 June 2022**



**BABERGH DISTRICT COUNCIL**

**DECISIONS NOTICE**

**DECISIONS BY THE BABERGH CABINET  
CALL IN DEADLINE 5:00PM ON 17 JUNE 2022**

The following decisions have been taken by the Babergh Cabinet and will come into effect on 20 June 2022 unless the call-in procedure is activated. For clarity, where an item is 'to be noted', 'received' or recommended to Council for a decision, this is deemed not to be a formal Executive decision and so the call-in provisions will not apply.

**BCa/22/2 RESPONSE TO NATIONAL GRID NON-STATUTORY CONSULTATION ON THE EAST ANGLIA GREEN OVERHEAD LINE PROJECT**

**It was RESOLVED: -**

- 1.1 To respond to the consultation.**
- 1.2 That the Assistant Director for Planning and Building Control, in collaboration with the Cabinet Members for Planning and the Leader of the Council consider any proposed amendments to the suggested response and be authorised to make amendments before submitting a response to the Government.**

**REASON FOR DECISION**

To ensure the comments of the councils are set out for consideration by National Grid in the further stages of the project.

**Alternative Options Considered and Rejected:**

- 2.1 To respond to the consultation with the response as set out in appendix a.**
- 2.2 To respond to the consultation with proposed amendments to the responses set out in appendix a.**
- 2.3 To not respond to the consultation.**

**Any Declarations of Interests Declared:** None

**Any Dispensation Granted:** None

### **BCa/22/3 COST OF LIVING REPORT AND ACTION PLAN**

**It was RESOLVED: -**

- 1.1 Agree the 5 Point Plan attached at Appendix One.**
- 1.2 Delegate to the Assistant Director for Communities & Wellbeing in consultation with the Cabinet Member for Communities to keep this Plan under review and to update this in response to emerging need.**

### **REASON FOR DECISION**

Provides assurance and confidence, ensuring that well established systems intra-connect to respond to the emerging needs of people through effective co-ordination and service delivery. The plan includes a range of measures that focus on providing advice and support, maintaining people's good health, building on the investments the Council has already made since the launch of the respective Communities and Wellbeing strategies and bringing forward an initial suite of interventions that will help improve the system long term, including the appointment of a Cost-of-Living Co-ordinator.

### **Alternative Options Considered and Rejected:**

- 2.1 To rely on just Government support and co-ordinate that activity and hope people can find their own solutions.
- 2.2 To pull together a bespoke plan that will provide residents and our workforce with assurance and confidence that they are not alone and that the District Council will utilise all levers available to connect systems to support people with advice and support on the cost of living issues. Alongside this, recognising that key to any recovery related to the emerging crisis is to maintain wellbeing under the principles of prevention, empowerment, self-enablement and activities that build community resilience, so that people at a locality level can support each other too.

**Any Declarations of Interests Declared:** None

**Any Dispensation Granted:** None

### **BCa/22/4 BABERGH FORMER HQ DEVELOPMENT SITE**

This item is exempt from call-in under Grounds of Urgency, as agreed with the Chair of the Council.

**It was RESOLVED: -**

- 1.1 Approves the increase in peak funding threshold for Babergh Growth Ltd to £7m for use to deliver the redevelopment of the former HQ site in Hadleigh.
- 1.2 Authorises the Section 151 Officer, in consultation with the Monitoring Officer and the Leader, to negotiate and vary the necessary legal agreements between Babergh District Council and Babergh Growth Ltd to enable the delivery of housing on the former HQ site within Hadleigh.

## **REASON FOR DECISION**

To enable and support the delivery of housing within the district and support the economic prosperity of Hadleigh as a key market town.

### **Alternative Options Considered and Rejected:**

**The options that have been considered are: -**

#### 2.1 Option 1 – Freehold Disposal of the site.

The Council could look to sell the HQ site on the open market with the benefit of planning consent, however the planning consent is due to lapse if not implemented by September 2022. Informal marketing advice has been received recently which identified a negative land value based on the current planning consent but suggests that a maximum gross capital receipt of circa £500,000 could potentially be achieved. It is likely that any third party would seek to increase the density of the scheme and to mitigate the costs of development, which could result in a less favourable scheme than currently consented.

Whilst this option would enable the Council to receive a capital receipt this would need to be offset against development costs incurred by Babergh Growth to date (circa £320k) and any future control over the delivery of the site could only be gained through the Council's regulatory powers. This would not guarantee that development would be forthcoming in the near future, as seen with other former HQ sites across the County.

#### 2.2 Option 2 – Increase Peak Debt Threshold to align with current market conditions

In December 2018, Cabinet and Council approved capital funding of £3.77m against the development capital expenditure costs of £12.8m. Current development capital expenditure following tendering the works is anticipated to be £11m for phase 1 and likely to exceed £12.8m for both phases due to significant price inflation in the construction market.

Due to market changes it is no longer possible to deliver the development within the authorised peak debt threshold. The authorised peak debt threshold would need to increase to £7m to progress the scheme. Increasing the peak debt threshold would enable the build contract to be awarded for phase 1 before the expiry of the tender period, thus reducing further potential for price increases and a start on site to occur before the expiry of the planning in September 2022.

Phase 1 is currently forecast to make a small loss (£250k) but potentially could break even if the construction contingency isn't required. Phase 1 would provide 41 new homes. Phase 2 would be reviewed once phase 1 has progressed, to manage exposure to market conditions. Phase 2 comprises two elements, 4 properties on Corks Lane (Phase 2a) which is anticipated to deliver a profit of £300,000, and 4 properties on Bridge Street (Phase 2b) which need to be reviewed further and as such for this purpose we are currently taking a cautious approach and assuming no profit attached to these properties. On this basis Phase 1 and phase 2a currently show a break-even development with the potential for a small profit (c. £50-100k), further profit could

subsequently be available from phase 2b.

Option 3 – Progress Phase 1 with lower peak debt threshold by agreeing to deliver 13 properties to the Housing Revenue Account (HRA) for affordable housing.

The scheme could be delivered within a peak debt threshold of £5.25m if 13 properties are delivered to the HRA for affordable housing. The HRA would pay for the properties on a drawdown basis against works completed on site (similar to the process for acquiring S106 homes on other schemes). This would improve the cashflow of the development and reduce the need to increase the peak debt threshold to the full amount set out in option 2, however this would reduce the viability of the development further.

The affordable properties would cost the HRA in the order of £2.7m (build cost) this shows a negative Net Present Value of c.£500,000 for the HRA, ordinarily the HRA only acquires/builds units which show a positive Net Present Value. This option would however deliver much needed modern affordable properties in the heart of Hadleigh.

The Council delivered Angel Court, in Hadleigh, a fully affordable scheme, providing 19 homes last year, providing a mix of affordable rent and shared ownership homes. All of the shared ownership homes have now been sold or reserved and the scheme is well occupied.

Allocating 13 homes for affordable purposes within the scheme would reduce the viability of the scheme further and would result in a loss of approximately £250,000. This is therefore unlikely to be a viable option without further subsidy.

### 2.3 Option 4 – Do Nothing

This is not a viable option. The property has been vacant since 2017 and would be an under-utilised asset if no further actions were progressed. There is full time security on site to mitigate the risks of anti-social behaviour in the area. The costs for security are approximately £110,000 p.a.

The property is not capable of being occupied without considerable expenditure and as such doing nothing would result in the property remaining vacant and under-used. It would fail to deliver any benefits either financial, social or economic for the community and increasingly become a magnet for anti-social behaviour with further deterioration of the listed buildings within the property.

The recommended option to enable housing delivery at the former HQ site within Hadleigh, is Option 2. This option enables the Council to deliver housing in a timely manner prior to the expiry of the tender validity period and planning consent and mitigate further construction cost increases in a highly inflationary construction market. It will control the quality of the housing and support further housing delivery within the district.

### 2.4 Option 5 – Alternative phasing of development to minimise peak debt threshold

Alternative phasing has been considered including extending the period of construction to keep the peak debt below the agreed threshold, however this is not a viable option as contractors will not agree to a fixed price on this basis and there would be increased costs of site set up for the longer period as well as inflationary pressures, which could result in significant losses for Babergh Growth and its shareholder and ultimately would delay the completion of the whole development.

## 2.5 Option 6 – Alternative mixed-use development

Alternative developments have been considered including retaining some office/ commercial uses within the development. Office/commercial uses would require more car parking to be delivered to serve this use compared to residential units and as such this would reduce the overall built area and the gross development value of the scheme, whilst build costs would be high in terms of creating additional car parking and refurbishing and upgrading any commercial space to meet current standards. This option is less financially viable than the current consented scheme, a high-level appraisal has indicated a negative return to the shareholder in the order of minus £1.4m, compared to breakeven or small return if phase 1 and 2a are delivered as set out in option 2 above.

An alternative development could not be delivered under the current planning consent and as such a new planning application would need to be submitted. Progressing this option would delay any start on site for at least a further circa 12 months whilst the scheme was re-designed, consulted on and planning obtained as well as incurring further professional fees and holding costs. Due to the current market conditions any alternative scheme would also require an increased peak debt threshold. This option is therefore not viable at the current time.

**Any Declarations of Interests Declared:** None

**Any Dispensation Granted:** None