



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	OVERVIEW & SCRUTINY COMMITTEE 1st FEBRUARY 2023
Subject	CALL-IN OF CABINET DECISION LEASE OF LAND AT STATION ROAD, KEMBLE
Wards affected	Kemble
Accountable member	Cllr Lisa Spivey - Cabinet Member for Corporate Services Email: <a href="mailto:lisa.spivey@cotswold.gov.uk">lisa.spivey@cotswold.gov.uk</a>
Accountable officer	Claire Locke - Assistant Director Property & Regeneration Tel: 01285 623427 Email: <a href="mailto:claire.locke@publicagroup.uk">claire.locke@publicagroup.uk</a>
Summary/Purpose	To respond to the call-in of the decision to lease land at Station Road, Kemble, as allotments and community gardens to the local community and de-allocate this site within the adopted Cotswold District Local Plan (2011 to 2031) as a site for housing development.
Annexes	Annex A – Report to Cabinet January 2023 - Lease of land at Kemble Annex B – Extract of draft minutes of the January Cabinet meeting Annex C – Call in proforma – Land at Station Road, Kemble
Recommendation(s)	That the Committee, considers the additional information presented in this report and decides whether,  (a) They are satisfied that the detail presented here does not fundamentally change the decision that has been made and therefore no further action is taken, or,  (b) To refer the matter back to Cabinet for further consideration.  (c) The matter requires a Full Council decision, that there are sufficient grounds to refer it to Council and a request is therefore made for it to be added to the next Council agenda.
Corporate priorities	<ul style="list-style-type: none"><li>● Delivering our services to the highest standards</li><li>● Responding to the challenges presented by the climate crisis</li><li>● Providing social rented homes</li></ul>



COTSWOLD  
DISTRICT COUNCIL

Key Decision	No
Exempt	No
Consultees/ Consultation	Chief Executive, Chief Finance Officer and Monitoring Officer Leader Deputy Leader and Cabinet Member for Finance Planning



## 1. BACKGROUND

- 1.1. In January 2023 Cabinet agreed (Minute CAB.26 refers) to de-allocate a housing site, at Station Road Kemble, which was allocated in the Cotswold District Local Plan (the Local Plan) for the delivery of eight affordable homes. Cabinet also agreed that the site should be leased to the community for allotments and community gardens and that this use would be set out in the amendment to the Local Plan, which is currently being reviewed.
- 1.2. The report did not contain the financial calculations which show that the housing development scheme is not viable. Instead a reference was made to a high level financial assessment, which indicated the level of subsidy to deliver social rented homes at this site was high. There were also a number of other factors listed in the report, including site ecology, which contributed to the decision to retain the site as green space.
- 1.3. Whilst the report referred to the Local Plan it did not refer to the Kemble and Ewen Neighbourhood Development Plan (the NDP), which covers this site.
- 1.4. The lack of financial detail and the lack of reference to the NDP were the grounds for the call-in of this Cabinet decision.

## 2. NEIGHBOURHOOD DEVELOPMENT PLAN AND LOCAL PLAN

- 2.1 The NDP was made by the Council in May 2021. The NDP does not allocate development sites but it does have legal status and is used to determine planning applications in the area alongside Local Plan and national planning policies and guidance. The Local Plan provides the strategic development framework for the district and in doing so identifies Kemble as a Principal Settlement (Policy DSI). The Local Plan, within its “Delivering the Strategy” chapter has a bespoke development policy for Kemble, which identifies the Community Gardens at Station Road as one of three allocated sites in the village. The Council has sought to positively allocate land in the village to meet local and the wider district housing needs. The Council’s annual housing land statistics report and housing land supply reports provide up-to-date information on build-out rates.
- 2.2 The NDP does not include bespoke policies on the delivery of new housing within the parish although it does provide a design guide for all three Local Plan site allocations (policy KE7) to help shape the look and function of future development. The NDP sets out a series of key considerations within various policies that would need to be weighed in the planning balance (whether allocated in the Local Plan or small scale windfall development through the Development Management process) when determining planning applications. For example matters relating to landscape and greenspace, community facilities, natural features, sustainable drainage, heritage, archaeology, design, access and proportionality of development.



Whilst helpful, these are well understood principles and material considerations and they are not unique to the Community Gardens site.

- 2.3 The Local Plan provides the development framework for the Parish and it is the principal planning document in the decision to de-allocate the site. Although an important planning document in the Development Management process, the NDP only contains policies that seek to protect and enhance locally important assets and characteristics within Parish. It does not provide a development strategy e.g. policies that seek to allocate development sites or alter allocations within the Local Plan.
- 2.4 The Council's draft Green Infrastructure Strategy recognises opportunities for Green Infrastructure enhancement on the Community Gardens.
- 2.5 Meeting housing needs does not sit in isolation of other factors and ultimately a balance has to be struck. There are clear and obvious environmental and community benefits to securing and enhancing the existing use of the site, a matter that was explored in some detail at the Local Plan public examination in 2017. Also market conditions have changed since the Local Plan was adopted and it would require significant public finances to bring forward the site.
- 2.6 The Local Plan, as a requirement of national planning policy, ensures there is a flexible supply of housing to accommodate such changes. The Council has identified a supply of 9,965 homes to the end of the Local Plan period against a housing requirement (a target contained in Policy DSI) of 8,400 new homes. The removal of this allocated site from the Local Plan does not affect the ability of the Council to meet its housing needs, therefore a replacement site does not need to be identified within the village or elsewhere in the District.
- 2.7 The decision to retain this land as green space was based on balancing meeting housing needs locally, supporting the protection of Green Space, which is another key objective within the NDP, and being financially responsible.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1 The Council has not employed consultants to develop a costed scheme at this site. Instead an experienced officer who is involved in the cost modelling of two current affordable housing schemes, prepared high level cost estimates. Had these estimates indicated viability or even borderline viability a decision would have been taken on investment to develop the scheme and prepare more detailed proposals and scheme costs. However, in this case due the constraints of the site, the ecology and the small number of homes that could be delivered , social rented homes would need a substantial subsidy.
- 3.2 Housing development cost appraisal considers land value, build costs and the resulting value of the built properties. Whilst the Council owns the land, it is required to include the land value



in its assessment, as this reflects the value of the asset which would be transferred to a Housing Association once the homes are built.

- 3.3 The table below sets out the high level calculations for two options, eight, three-bedroom houses and four, one-bedroom flats. Unfortunately due to the land value and basic development costs, different variations of unit type and number will not produce a viable option, as there simply is not the economy of scale needed to recoup the costs involved in development.
- 3.4 The previous external valuation of this site valued the land at £1.3M. The view of the Assets team is that this valuation is high and a re-valuation is needed. To reflect this and ensure that the high level cost model was not skewed by over inflated valuation figures a very moderate land value of £0.5M was used. It is estimated the land value has a minimum value of £0.5M but this would increase once planning permission is granted. By using this lower land value in the calculations, the minimum cost has been used. If the land value is assessed as being higher the overall capital costs increase and so does the subsidy. Therefore, the figures below may be an underestimate but are unlikely to be lower.
- 3.5 Development costs have risen sharply nationally in the last 12 months with costs increasing from 15 - 25% generally. Whilst costs have increased, property values have also increased so both factors will have changed since this site was originally considered by the Council for development.
- 3.6 The viability of the site (eight, three-bedroom affordable houses) was considered for the three main types of affordable housing.

	Social Rent	Affordable Rent	Shared ownership
Sales Income (25%)	-	-	£900,000
Operating Income	£978,432	£1,223,040	£708,750
Grant/Other Income	£400,000	£360,000	£280,000
Gross Development Value (GDV)	£1,378,432	£1,583,040	£1,888,750
Build Cost	£1,248,000	£1,344,000	£1,408,000



Build Cost (sqm)	£1,950	£2,100	£2,200
On Costs	£499,200	£537,600	£563,200
<b>Total Build Cost</b>	<b>£1,747,200</b>	<b>£1,881,600</b>	<b>£1,971,200</b>
Land Value	£500,000	£500,000	£500,000
GDV Margin	(£868,768)	(£798,560)	(£582,450)

- 3.6 Assumptions - These figures are based on eight, three-bedroom houses with a market value of £450,000, affordable rent at Local Housing Allowance (LHA) cap and social rent based on 80% of LHA. The Operating income is based on a 30 year Net Present Value calculation. The Grant/Other Income being assumed is Homes England grant allocation. The build cost increases per tenure due to the level of finish required. On-costs are based on 40% of build due to size and location of build. On-costs would include site surveys and valuation, professional fees – architects, engineers, legal, planning, employers agent, clerk of works, surveyor, CDM, prelims, infrastructure, site overheads, abnormalities, site clearance, warranties, insurance and developer’s margin.
- 3.7 Each affordable tenure is not financially viable over a 30 year period, with eight Shared Ownership homes producing the best return, with a £582,450 loss (£72,806 per home). The Council's ambition is to deliver Social rented homes, this would require a subsidy of £868,768, which equates to £108,596 per home.
- 3.8 A viability was also undertaken for the second option - a smaller scale development of four, one-bedroom flats.

	Social Rent	Affordable Rent	Shared ownership
Sales Income (25%)	-	-	£280,000
Operating Income	£316,992	£396,240	£220,500
Grant/Other Income	£200,000	£180,000	£140,000
<b>Gross Development Value (GDV)</b>	<b>£516,992</b>	<b>£576,240</b>	<b>£640,500</b>
Build Cost	£487,500	£525,000	£550,000
Build Cost (sqm)	£1,950	£2,100	£2,200



On Costs	£195,000	£210,000	£220,000
Total Build Cost	£682,500	£735,000	£770,000
Land Value	£500,000	£500,000	£500,000
GDV Margin	(£665,508)	(£658,760)	(£629,500)

- 3.9 In this model each social rented flat would require a subsidy of £166,377.
- 3.10 Whilst affordable homes routinely require some level of subsidy the amount is usually £25,000 - £40,000 per standard unit. The Council is supporting the redevelopment of Stockwells, Moreton in Marsh to provide 28 affordable homes, with a subsidy of £550,000 (£19,643 per dwelling). For Sunground, Avening the Council agreed up to a maximum of £40,000 for carbon reduction per dwelling (14 houses). The carbon zero social rented housing scheme at Broadleaze, Down Ampney is likely to require a subsidy in the region of £40,000 per home.
- 3.11 The Council is working in partnership with Bromford Housing Association to deliver the innovative carbon zero social rented homes development at Down Ampney and discussed the Kemble scheme with them. This does not prevent the Council working with any other Housing Association or Developer. However, in this case the high level costs indicate the scheme is not viable, so discussion with multiple potential partners would not change this.

## 4.0 LEGAL IMPLICATIONS

- 4.1 The decision on this site has been called-in. The Constitution states that:

*“Where it is considered that the proposed action is contrary to, or not in accordance with, the Council’s policy, or the Cabinet, individual Member of the Cabinet or an Officer acting under Delegated Authority from the Cabinet did not take the decision in accordance with the principles set out in Article 12 (Decision Making) or was contrary to Officer advice”*

The reasons indicated for the call-in are:



- due consultation and the taking of professional advice from Officers and/or appropriately qualified consultants
- a presumption in favour of openness (including compliance with the Access to Information provisions)

They relate to a lack of transparency in absence of information about viability of the site in terms of finance and ecology and seek to put that right by obtaining professional opinion about the viability and the NDP. These reasons are therefore within the Principles of Decision Making listed at Part C1 of the Constitution and referred to in Article 13 (not Article 12 as the Call In procedure states).

- 4.2 The Council will follow set processes for de-allocating the site within the Local Plan, as part of the Local Plan Partial Update.
- 4.3 If the decision to lease the site to the community is confirmed, the Council will enter into a lease agreement with the Parish Council.

## **5. RISK ASSESSMENT**

- 5.1 There are no identified risks, subject to the appropriate lease agreement being put in place.

## **6. EQUALITIES IMPACT**

- 6.1 There are no identified equalities impacts from this decision. The Local Plan Partial Update is supported by an Integrated Impact Assessment which considers requirements contained within the Equality Act 2010.

## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 7.1 None associated with the call-in of decision.

## **. ALTERNATIVE OPTIONS**

- 8.1 None associated with the call-in of decision.

## **9. BACKGROUND PAPERS**

- 9.1 None

(END)