

CABINET
7 MARCH 2023

DELIVERY OF NEW HOMES AT NEASHAM ROAD
LAND DISPOSAL AND JOINT VENTURE PROPOSAL

Responsible Cabinet Members –
Councillor Jamie Bartch, Economy Portfolio
Councillor Scott Durham, Resources Portfolio

Responsible Director – Ian Williams, Chief Executive

SUMMARY REPORT

Purpose of the Report

1. To note the intention to sell land at Neasham Road Cell C, as shown at **Appendix 1** to a new Joint Venture Company (JVC), using the Council's Joint Venture framework (to be established subject to a further Cabinet report and approvals) on the terms and conditions detailed in **Appendix 2, Part III** of this report.
2. To note that a further Cabinet report will be prepared for Members to:-
 - (a) identify the net capital receipt for the Council
 - (b) seek final approval to establish the new Joint Venture Company
 - (c) approve the funding arrangements for the housing development on Cell C
3. No disposal of the land will take place until further approval from Cabinet has been obtained.

Summary

4. Cabinet approval was obtained on 8 November 2022 to release funding for Esh Homes Ltd to undertake preliminary surveys to seek detailed planning permission for the delivery of private residential properties for sale, so that sale terms could be agreed by the Council and reported back to Cabinet for consideration.
5. Preliminary surveys are now complete and a planning application was submitted in January 2023. Approval is now sought for the sale terms detailed in Appendix 2, Part III of this report to Esh Homes Ltd. It is proposed that the new Joint Venture company would be responsible for developing Cell C. Once the planning process has been completed, costs can be finalised and this will be included in a subsequent report to Cabinet .

Recommendations

6. It is recommended that :-

- (a) The principle and intention that Cell C will be sold to a new Joint Venture Company on the terms and conditions outlined in Appendix 2, Part III of this report be noted, subject to a further Cabinet report once all costs have been determined.
- (b) The Chief Executive to have delegated authority to prepare the terms of the disposal, in consultation with the Portfolio Holders and the details will be reported back in due course.
- (c) The Assistant Director – Law and Governance be authorised to execute the necessary documents to facilitate future development.

Delegations

7. Delegated authority to the Chief Executive as detailed in para 6(b) above.

Reasons

8. The recommendations are supported by the following reasons:-

- (a) To contribute to the delivery of new housing to satisfy the Borough’s housing need.
- (b) To achieve a capital receipt for the Council.

**Ian Williams
Chief Executive**

Background Papers

No background papers were used in the preparation of this report.

Jane Sutcliffe: extension 5746

S17 Crime and Disorder	The report has no implications for crime and disorder
Health and Wellbeing	The report has no implications for health and well being
Carbon Impact and Climate Change	Nutrient Neutrality and biodiversity loss mitigation are addressed in the proposals
Diversity	No impact
Wards Affected	Hurworth
Groups Affected	Not Applicable
Budget and Policy Framework	This report does not represent a change to the budget and policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Council Plan	There are no issues adversely affecting the Council Plan
Efficiency	An investment return from the JV will help the Council’s MTFP position.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

9. Approval was given on 15 September 2020 for a new Joint Venture Company (JVC) to be established to provide the infrastructure to open up the Neasham Road development site, to build new council houses and build and sell new private houses. Development is well underway and the Council is keen to see the remaining Cell C developed.
10. The feasibility and survey work for Cell C has been completed by Esh Homes Ltd and the planning application for the development of circa 144 homes has been submitted.
11. A further Cabinet report will be submitted seeking Members' approval to the establishment of a new Joint Venture company following the planning process.
12. Heads of terms have been provisionally agreed and are detailed in Appendix 2, Part III.
13. There are some unknown costs for example relating to new building regulations coming in the future so these will be considered and dealt with as abnormal costs through the sale contract, as the Council is keen to maximise the capital receipt when the development starts on site.
14. The site is fully serviced and the new approach road to Cell C has been completed.

Legal Implications

15. Under the provisions of the Local Government Act 1999, the Council is subject to a general duty to obtain best value in the exercise of its functions.

Financial Implications

16. The expected capital receipt for the Council is not yet known, this will be provided in a subsequent report which will seek authorisation to a new Joint Venture company with the Council's joint venture partner (Esh).