
From: Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform
Rebecca Spore, Director of Property and Infrastructure Support

To: Policy and Resource Cabinet Committee.

Subject: Kent County Council / Kier Initiative
Decision number 12/01911

Classification: For publication

Summary: This report sets out the details of a proposal to develop housing schemes upon latent KCC sites to realise capital and generate income for KCC, stimulate the housing market and promote growth of the Kent economy.

Recommendations: That the Cabinet Member of Business Strategy, Performance and Health Reform agree that authority be delegated to the Director of Property and Infrastructure Support to secure the terms and implement the suggested property transfers contained within this report

1. Introduction

1.1 A pilot project has been established in which KCC would grant a developer a lease providing an ability to bring forward a significant number of housing units across the sites identified below:

Site
The former Birchwood School site, Swanley Sevenoaks
Land adjacent to Bensted House, Faversham
Former Spires Academy, Sturry Canterbury

- 1.2 The initiative provides a mechanism by which mixed housing tenure can be brought forward following the changes in the funding system by the Homes and Community Agency.

2. Financial Implications

- 2.1 Capital receipts from planned sales of Birchwood and Bensted are presently provided for under the disposal forward plan. A capital receipt for the sale of Birchwood is provided for within the 2013/2014 financial year; a capital receipt for Bensted is provided for within the present financial year.

3. Bold Steps for Kent and Policy Framework

- 3.1 The proposal directly supports the Kent County Council Medium Term Plan; Bold Steps for Kent, specifically:

“To Help the Kent Economy Grow”

The initiative would see a significant volume of house building delivered. Conditions would be provided within the proposal to ensure that Kent based employment and training generation opportunities were fully realised. There would be additional further indirect economic benefits, as Kent based supply chain providers and associated trades would receive increases in work and orders stemming from the build. It is anticipated that 300 jobs (including 20 apprentices) would be generated along with training opportunities for SMEs.

“To Tackle Disadvantage”

The housing delivered under the initiative would be primarily a mix of affordable rented, shared ownership and private sale. This would provide much needed affordable housing to areas of Kent where prices are presently a bar to property ownership and occupation. In supporting the affordable housing market, Kent County Council would be directly contributing to opportunities for disadvantaged residents of Kent and building sustainable communities.

4. Details of the Proposal

- 4.1 Kent County Council began discussions to develop a proposal for a pilot project. The aims of the project were to:
 - Stimulate the Kent housing market
 - Provide a mechanism which allows affordable housing to be brought forward given the changes to the funding systems by Homes and Communities Agency. A model which, if successful, could become a national exemplar.

- Allow KCC to release assets to stimulate the Kent economy, generating both jobs and training opportunities and meeting housing demand.
 - Bring forward development now on sites which otherwise would remain latent until disposal.
 - Provide an alternative income stream, compared to a straight disposal in depressed market conditions.
- 4.2 Three sites have been identified by KCC for inclusion within the pilot scheme: The Spires Academy site, Sturry; the Former Birchwood CPS, Swanley and land adjacent to Bensted House, Lower Road, Faversham.

6. Alternative Options

- 6.1 The placement of these sites into the proposed initiative is not the only option available to the Council.
- 6.2 The sites could be retained within the KCC disposal programme, beneficial planning permission sought, and then the individual sites taken to market. During the hold period whilst planning permission is sought, the sites would attract a hold cost comprising the physical security and maintenance of the land, the administrative cost of managing the land and the equivalent borrowing cost of holding the asset. Preparation of the planning permission itself would attract a cost, as would the subsequent marketing and disposal process. These costs would be met directly by the Council.

7. Assessment of Best Value

- 7.1 Supported by advice provided by Cluttons, it is the opinion of this report that the initiative represents best value compared to a disposal of the assets on the open market, or a protracted hold period and associated costs in anticipation of beneficial changes in the market and planning.

8. Spending the Council's Money

- 8.1 All discussions have been in co-operation with Kent County Council Legal Department to ensure legal compliance.

10. Conclusion

- 10.1 The initiative provides a number of opportunities to KCC; the opportunity to realise a financial receipt and secure income stream from latent Council assets, the opportunity to increase the supply housing within the County, the opportunity to promote growth in the Kent housing market, and the opportunity to stimulate the Kent economy and job market.

11. Recommendation

- 11.1 The Policy and Resources Committee are asked to note the proposal and endorse the decision that the Cabinet Member for Business Strategy, Performance and Health Reform enters into contracts.

13. Contact details

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