

## BEVAN PLACE, SWANLEY - DEVELOPMENT PROPOSAL

Housing & Health Advisory Committee - 17 January 2022

**Report of:** Strategic Head of Property and Commercial

**Status:** For Decision

**Also considered by:**

- Cabinet - 10 February 2022
- Council - 22 February 2022
- Finance & Investment Advisory Committee - 11 January 2022

**Key Decision:** Part Key (recommendation d)

**Executive Summary:**

1. Sevenoaks District Council (SDC) is proposing to redevelop the former Swanley Working Men's Club site and adjacent car park at Bevan Place, Swanley. Discussions are currently ongoing to include West Kent Housing Association land next to the Council's land. This larger site would, subject to the receipt of planning permission, see the development of a landmark residential-led scheme at an important gateway site within the Swanley Town Centre.
2. This gateway site has been the subject of numerous options studies to determine the optimum quantum of development, while also recognising its strategic importance to help unlock development in Swanley with a new development standard.
3. Following a series of pre-feasibility studies, in February 2021 Council approved a sum of £730,000 to assemble a project team to undertake detailed design work, feasibility studies and site investigations. Consultants were appointed in May 2021 and work has been progressing at a steady state. The project has now reached a juncture where the next levels of approval are required.
4. The proposed scheme includes 93 new homes, retail uses along the High Street, a communal garden and landscaped surface car-parking for residents. The scheme will incorporate the highest environmental and sustainability standards possible to ensure the scheme is not only an exemplar benchmark scheme for Swanley, but will also enhance resident well-being.

5. Officers are now seeking approval to progress the scheme, apply for planning permission and to procure a lead design contractor to deliver the scheme subject to obtain all the necessary statutory consents.

**This report supports the Key Aim of:** improvements to public realm and infrastructure and meeting housing targets. The provision of new housing is a key priority and pressure point for the District.

**Portfolio Holders:** Cllr. Peter Fleming and Cllr Matthew Dickins

**Contact Officers:** Detlev Munster, Ext. 7099

**Recommendation to Advisory Committees:**

- (a) The Advisory Committees endorse the redevelopment of the site to deliver a new residential-led development;
- (b) The Advisory Committees endorse the proposed recommendations to Cabinet.

**Recommendation to Cabinet:**

- (a) Cabinet endorses the development of a new residential-led scheme on this site which will deliver 93 new homes, retail uses, communal and public garden, resident car parking and highway improvements to Bevan Place;
- (b) Cabinet notes the viability challenges this site and scheme presents and approves the delivery of this scheme using an income-based financing model (rent model) that will result in the Council retaining housing and retail stock to generate income to repay the cost of the development;
- (c) Cabinet recommends to Council the provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme to deliver the scheme within the parameters set in Section 57 of this report and notes that this is in addition to the previously approved amount of £730,000 in the 2021/22 Capital Programme for this project;
- (d) Cabinet approves the acquisition/inclusion of the adjacent West Kent Housing Association land and buildings, known as 1-12 Bevan Place, Swanley, and to enter into a development agreement with West Kent Housing Association that will result in 14 residential units being transferred to West Kent Housing Association on a leasehold basis, the terms of which are outlined in the draft Heads of Terms in Appendix C and delegates authority to the Strategic Head of Property and Commercial Services and the Chief Officer Finance and Trading following consultation with the Cabinet Member for Finance & Investment to agree and finalise necessary agreements with West Kent Housing Association;

- (e) Cabinet recommends to Council to authorise officers to acquire any outstanding legal interests that may not be in the Council's ownership, which may include using its statutory powers, such as the use of compulsory purchase orders;
- (f) Subject to Council's approval of the capital provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial and the Chief Officer Finance and Trading, following consultation with the Cabinet Member for Finance & Investment to undertake further detailed design and feasibility work and to proceed with the scheme subject to final scheme viability and in accordance with financial parameters set in Section 57; and
- (g) Subject to Council's approval of the capital provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial in consultation with the Chief Officer Finance and Trading and the Head of Legal Services to submit a planning application and to enter into any necessary contracts to facilitate the development and construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential units to be developed.
- (h) Subject to Council's approval of the capital provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial following consultation with the Chief Officer Finance and Trading and the Cabinet Member for Finance & Investment to prepare appropriate contractual arrangements to set up an appropriate delivery vehicle for the scheme and to return to Cabinet at a later date to approve the appropriate delivery vehicle.

**Recommendation to Council:**

- (a) Council notes the proposed development scheme and financial model and approves the provision of £26,575,836 in the 2022/23 Capital Programme to deliver the scheme within the parameters set in Section 57 and detailed in Appendix D.
- (b) Council authorises officers to acquire any outstanding legal interests that may not be in the Council's ownership, which may include using its statutory powers, such as the use of compulsory purchase orders and return to Cabinet or Council to resolve invoking such powers if needed.

**Reason for recommendation:** To facilitate the regeneration of the Swanley Town Centre, and provide much needed housing in the district particularly in Swanley.

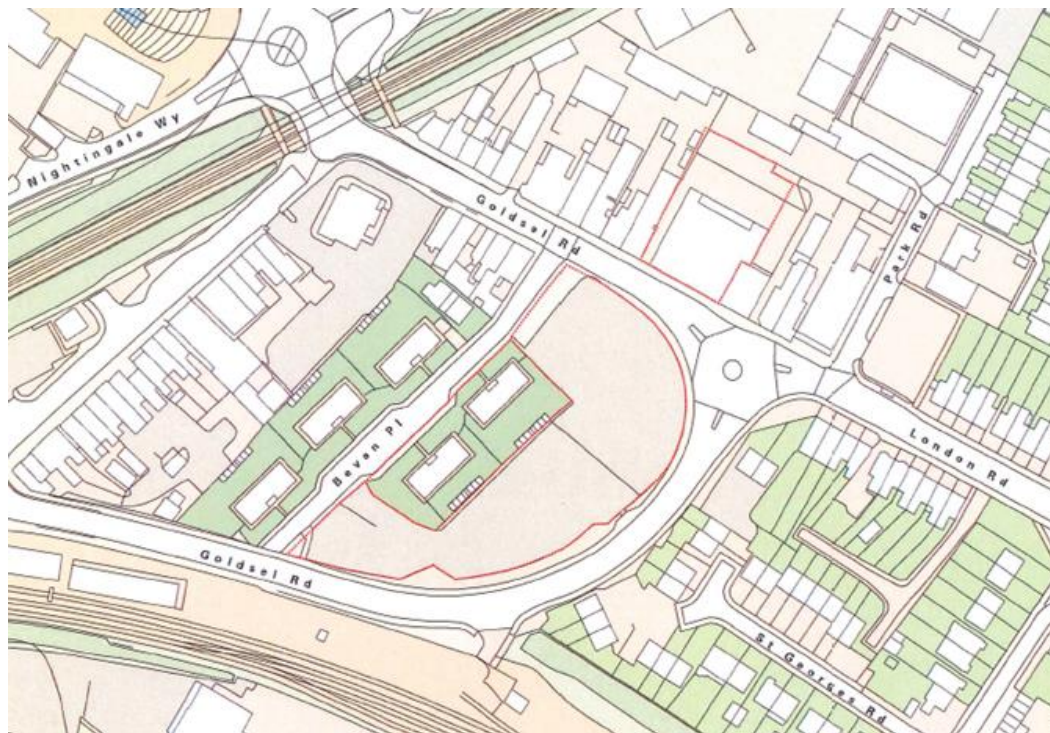
## Introduction and Background

1. Swanley is an urban settlement in the northern part of the Sevenoaks District adjoining Dartford, Bexley and Bromley. Swanley is the most deprived area within the Sevenoaks District, with two of the wards (Swanley St Mary's and Swanley Christchurch) noted as having relative deprivation in the Local Plan. The town itself has excellent transport links with a motorway interchange providing junctions on the M25, M20, and A20 enabling travel both into Kent, Surrey and Central London. Swanley is within London Travel Zone 8 with Oyster travel into London in under 30 minutes.
2. Swanley has historically received little public or private sector investment and development, but is now on the cusp of a significant regeneration opportunity, which provides the potential to create a desired place to live and work. The Council considers Swanley to be an economic regeneration priority area.
3. In response to the Master Vision, Core Strategy and the Strategic Housing Market Assessment (2015), a residential-led scheme is proposed at the former Working Men's Club and Bevan Place Car Park. The proposed development site also incorporates land and buildings owned by West Kent Housing Association and Figure 1 below provides a map of the proposed development site.
4. A residential-led development is proposed on the development site. The proposed scheme includes 93 new homes, retail space, resident-only car parking, and a communal garden and other landscaping. The proposed scheme is designed to be a landmark building in Swanley.
5. The proposed development aims to:
  - Support the economic growth and regeneration of Swanley by introducing new residential and commercial development to the town centre;
  - Protect and enhance the vitality of town centre and ensure well designed places, incorporating healthy, inclusive and safe spaces;
  - Develop this gateway site to the Swanley town centre with an exemplar, high quality landmark building that will set a new development benchmark in Swanley;
  - Provide new homes that are sustainable and environmentally efficient;
  - Provide a communal garden that will be accessible to the general public and enhanced landscaping to promote biodiversity and reflect Swanley's market garden heritage;
  - Enhance the urban fabric in Swanley;
  - Provide affordable housing and market rented stock that is much needed in Swanley.
6. It is envisaged that the proposed development will be developed directly by the Council so that it can dictate the pace of development and retain control of the scheme's quality at this important gateway location.

7. The Council also proposes to transfer the development to an appropriate third-party company to manage the Council's commercial interests.

## The Development Site

Figure 1: Site Location



8. The 1.71 acre proposed development site consists of:
  - SDC Public Car Park, Bevan Place, Swanley BR8 8BH; 0.71 acres; freehold by SDC.
  - 16-18 High Street, Swanley BR8 8BG (former Working Men's Club); 0.60 acres; freehold by SDC.
  - West Kent Housing Association (WKHA) 1-23 Bevan Place (two blocks of flats), Swanley BR8 8; 0.40 acres; freehold by WKHA, one flat acquired under right to buy and held on long lease.
9. Bevan Place is a cul-de-sac providing both pedestrian and vehicular access to the public car park and the WKHA blocks. The site is bounded by the B258 Goldsel Road and High Street on two frontages.
10. The former Working Men's club and retail buildings that bounded the High Street frontage were demolished in 2016. The surface car park to the west of the site has been in existence for a number of years and is underutilised.
11. The two WKHA blocks of flats are of traditional construction and each block contain six flats over three floors and are in need of improvement and retrofitting.

12. The site has been assessed for a number of uses since 2016 when the Working Men's Club was acquired to supplement the adjoining SDC owned surface car park. Options have included a leisure centre to replace the existing White Oak Leisure Centre (WOLC), now in the course of re-development next to the existing WOLC.
13. Current proposals for the proposed development site are borne out of local need (housing, active frontages etc.) as well as a requirement for income to support development funding. Commercial uses and residential flats for sale and/or rent could contribute to income generation as well as capital receipts (flat sales).
14. Opposite the High Street frontage to Bevan Place (the former Working Men's Club site) at 27-37 High Street, SDC is delivering 17 flats and some flexible office space at ground floor level due for completion in Summer 2022. This will add to the critical mass of development on the High Street that will enhance vibrancy and vitality of the High Street.
15. The Bevan Place site is a 'gateway' site and the proposed development will be a landmark given its proposed height and position. Quality of design is a factor but so are local property values and the project budget has been set to reflect this, influencing materials and construction methods.

### **Strategic Context**

16. In 2016, the Council prepared a "Master Vision" to be used in the development and regeneration of Swanley and Hextable. This document was prepared following extensive consultation with local residents, businesses and key stakeholders. The "Master Vision" identifies the proposed development site as an important gateway site to the town centre and proposes the site's use for housing and active frontages (Tibbalds, 2016).
17. The *Sevenoaks Core Strategy* was adopted in February 2011, covering the period up to 2026. Policy LO4 of the Core Strategy seeks to deliver new homes and jobs in Swanley as well as increasing the attractiveness of sustainable transport modes. The focus should be on regeneration and redevelopment within the urban area. Policy LO5 aims to bring about improvements in the town centre, including a mix of new uses, better links to the station and environmental improvements.
18. The *Allocations and Development Management Plan (ADMP)* was adopted in 2015 and identifies land for potential development subject to planning permission, promotes good design and promotes the conservation and enhancement of the Districts high quality natural and built environment. The ADMP includes the Bevan Place site within a list of housing sites.
19. The Strategic Housing Market Assessment (SHMA) 2015, projects the district's population growth to 2033 and notes that during this period the

population of the district will increase from 117,035 in 2013 to 136,504 in 2033 and that this will require 12,400 new homes. This equates to an annualised need for 620 new homes across the district, and most of this is to reflect demographic need. The SHMA suggests that the strongest demand for market housing will be for two and three bedroom properties. For affordable housing there is a greater proportion of need for one and two bedroom properties. However, there remains a need for a balanced mix of dwellings of different sizes to come forward. Tibbalds (2016) also points out that there is a general lack of Private Rented Sector properties in Swanley and that demand for this tenure is high, particularly from young people looking to move into their first home. This is confirmed by recent discussions with local estate agents and by our property consultants LSH.

### **The Proposed Development Scheme**

20. Several design options were considered for the site and the preferred option (detailed in appendix A) proposes 93 new homes.
21. The current proposed scheme is being developed across two land parcels; the first is the Bevan Place Car Park and Old Working Men's Club which forms the majority of the site. The second is the land currently owned and operated by West Kent Housing Association (WKHA) comprising two 3 storey residential blocks. In partnership with WKHA, these two blocks will be demolished to allow for development. The total site area is 6,338.7 sq.m.
22. The existing site comprises of a number of trees, and the intended design seeks to retain all good quality category A and B trees on site, where appropriate and possible.
23. The proposed scheme is comprised of two main blocks that surround a central landscaped courtyard achieving a site coverage of 30%. Alongside this, the scheme provides allocated parking for residents providing a parking ratio of around 0.4 per dwelling. This lower parking ratio is proposed to reflect national planning policy that seeks to promote more sustainable modes of travel. This is support by the development's town centre location which is within close proximity (walking distance) to local amenities and public transport (Swanley train station is a 10-minute walk away with regular services into Kent and Central London, which is 30min away). Electric vehicle charging points will also be provided.
24. The proposed scheme comprises of 93 residential units (with a total GIA of 7,192.5 sq.m) within a massing of 3-6 storeys and at ground floor fronting the High Street, a Class E shell and core commercial unit of 201sqm.
25. The proposed scheme currently achieves the following mix:
  - 1-bed flat: 45 units (49%)
  - 2-bed flat: 43 units (46%)
  - 3-bed flat: 5 units (5%)

26. The proposed scheme provides 6 wheelchair accessible units (6.4%), all of these being located at ground floor. The scheme provides all necessary cycle parking, refuse storage and plant requirements at ground floor.
27. Access arrangements along Bevan Place in light of this development have also been considered. Bevan Place is currently accessed only via the High Street and with the road width reduced to 3.2m in places, this makes servicing and access problematic. Highway improvement works are therefore proposed along Bevan Place to ameliorate the existing congested nature of the street. These works will result in enhanced access to the site and for adjacent land owners/residents, regularise parking along the road, and improve safety for road users. In particular, it is proposed that Bevan Place will become a one-way road, with ingress from the High Street and left-turn only egress onto Goldsel Road. This has received broad acceptance by Kent County Council.
28. Communal landscaped areas will be key to the success of the proposed scheme, and the design attempts to reflect Swanley's heritage and history as a 'market garden' town. The communal garden and landscaping will include the provision of certain fruit trees and edible borders. The communal landscaped areas will include seating and a play area. Further to this, planting to the edge of the site will be key to provide a successful threshold between road and building. The percentage of open space provided by the scheme is 70% and if the parking area is excluded, 49% is achieved.
29. The proposed scheme will be designed to meet Passivhaus principles, meaning the scheme will be very efficient with excellent thermal performance and comfort, thus reducing the need for external energy and reducing energy bills. PV panels will be provided at roof level, and the scheme will be heated in each flat via either Air Source or Exhaust Air Heat Pumps.
30. Surface water drainage is being addressed and a surface water management strategy that will include rain gardens, permeable paving where possible and attenuation tanks within the courtyard to reduce rainwater run-off rates is being designed.
31. Other environmental targets and features of the proposed scheme can be summarised as follows:
  - Designed to meet Passivhaus principles
  - Net Zero Operational Carbon - this will be mostly met entirely on site
  - Well above Building Regulations Part L standards
  - A fabric-first approach - reduced reliance on mechanical equipment
  - Excellent thermal fabric (good U-values)
  - Excellent air-tightness
  - Entirely electric via Air Source or Exhaust Air Heat Pumps
  - PV panels at roof providing on-site electrical power supply



- Designed to minimise overheating through the use of brise soleil and Mechanical Ventilation (MVHR) to each apartment
32. The Council has undertaken pre-planning application discussions with the local Planning Authority and the Highways Authority (Kent County Council). Initial planning feedback has been obtained and suggestions have been incorporated into the preferred option. The Council has also obtained feedback from a Design Review Panel and where appropriate, suggestions have been incorporated into the emerging design.

### **Public Consultation**

33. Public consultation was undertaken during February and October in 2016 as part of the Swanley Visioning Study. 1,838 surveys were completed and over 1,000 people attended drop-in sessions. The key points noted from this exercise were:
- Housing was a key topic although opinions were divided on whether it was needed and where it should be located
  - More and better health and community facilities are required
  - A need for better quality and wider ranging retail uses
  - Residents were keen to retain leisure uses and open spaces
  - Bevan place was identified as an important gateway site for Swanley town centre
34. In June 2021, West Kent Housing Association initiated discussions with Bevan Place residents about the Council's and their intentions for the proposed development site. As scheme plans were still in the process of being developed, wider principles and issues were discussed. While these sessions were poorly attended, those residents that did attend were in favour of an improvement to their dwelling units, and were keen to have more details including their future living arrangements.
35. On the 19 November 2021, local District Ward Councillors and Swanley Town Council Members were invited to presentations on the 19<sup>th</sup> and 22<sup>nd</sup> November 2021 respectively.
36. In December 2021, Swanley residents and key interested and affected parties were invited to informal drop-in exhibition sessions, where they could meet key members of the project team, obtain more information about the development and provide feedback. The drop-in sessions were advertised with posters and flyers at strategic locations in Swanley (e.g. Doctor surgeries, ASDA, Aldi, White Oak Leisure Centre, local library, Swanley Town Council), flyers been dropped in letterboxes and front doors within a wide catchment area, and on social media managed by the Council. The drop-in exhibitions were held at the Alexandra Suite, Swanley, on Thursday 9 December (4.30pm to 8.30pm) and on Saturday 11 December (10am to 3.30pm).

37. In addition to the public drop-in exhibitions, a drop-in session was held for Bevan Place residents only on Wednesday 8 December (4.30pm to 8.00pm). This resident only event was also advertised by West Kent Housing Association to its residents and a separate leaflet and letter was distributed to residents in Bevan Place.
38. A public webinar was also hosted via zoom on Monday 13 December (6.30pm to 7.30pm).
39. A total of 53 people attended the drop-in exhibitions and 5 people attended the webinar. At all these consultation sessions, councillors and residents were presented with an emerging scheme (see Appendix B which outlines the consultation material, approach and findings) and were informed that the Council wished to present emerging ideas and obtain feedback. This feedback would assist the project/design team to incorporate suggestions and improve the scheme where possible. This could ultimately lead to variations/adjustments being made to the scheme. Residents were however informed that they would have the ability to provide further feedback on the final scheme as part of the statutory planning consultation process, once the final scheme was submitted for planning permission.
40. Feedback from the consultation events was mixed. While the redevelopment of the site was generally supported, the following concerns were expressed:
  - loss of a public car park at Bevan Place;
  - limited number of parking bays being provided for residents;
  - high level of traffic noise and pollution along Goldsel Road and the High Street;
  - the height of the development is not in keeping with the surrounding area;
  - the building of homes will put pressure on existing services such as doctors and schools;
  - Concerns that the existing infrastructure will not be able to cope;
  - Concerns about overlooking from the existing houses onto the new houses;
  - Loss of trees;
  - Lighting to be designed in such a way to improve security and feelings of safety.
41. Further details of the consultation material used and feedback received can be found in Appendix B. However, some of the comments and suggestions received were anticipated and the emerging design attempts to address many of these issues. Other findings will be considered as the design develops. Area-wide concerns such as pressure on existing services will be considered via SDC's emerging Local Plan and Supplementary Planning Documents.
42. It is proposed that the local community and interested parties will be further consulted as part of the statutory planning process.

43. Given the possible incorporation of two residential blocks owned by West Kent Housing Association which affects 11 tenants and one leaseholder, further discussions will be held with these tenants and leaseholder as the scheme progresses. These meetings will be jointly hosted by the Council and West Kent Housing Association (WKHA). At this point in time, it suffices to say that the WKHA tenants will be found alternative suitable accommodation by WKHA.

### **West Kent Housing Association**

44. The Council considers the Bevan Place car-park and adjacent land to be strategic to the regeneration of Swanley. A landmark development is warranted and a greater impact can be obtained by incorporating the WKHA land and buildings adjacent to the public car park.
45. Draft heads of terms (HoTs) have been agreed in principle between the Council and WKHA. It is proposed that WKHA will transfer its freehold and unencumbered interest with full vacant possession to the Council. The Council will in turn provide 14x 2-bed residential units in the new scheme on a 125-years leasehold basis with apportioned resident parking. WKHA is also proposing to acquire an additional 9x 1-bed units at full market value. The proposed draft HoTs are outlined in Appendix C, and further legal advice is being sought to ensure the transaction is appropriately structured.
46. WKHA proposes to use the 14 x 2-bed residential units for general needs housing and the 9 x 1-bed units for shared ownership. This will ensure the entire scheme has 23 (25%) affordable housing units.

### **Procurement**

47. Subject to scheme viability and obtaining the necessary statutory consents, the scheme will need to be publically procured in accordance with the Public Contracts Regulations 2015.
48. The scheme will likely be procured using two or possibly a single stage Design & Build procurement route with a selection questionnaire and JCT Design and Build 2016 standard form of contract. A two stage process is preferred as it will allow the Council to appoint a main contractor under a PCSA first, thereby allowing the main contractor to prepare detailed design drawings and provide cost certainty prior to a final award being made.
49. A main contractor will be procured on a lump-sum fixed price basis and site clearance will be undertaken as part of the main build contract.

### **Delivery Programme**

50. The project's indicative delivery programme, assuming planning consent is granted, is outlined in Table 1 below. Note this is subject to change:

Table 1 - Indicative Project Timetable

Stage	Date	
Prefeasibility Study	December 2020	Completed.
Council approval of tranche 1 funding	February 2021	Completed.
Appointment of consulting team	May 2021	Completed.
Draft MoU with WKHA	June 2021	Completed.
Stage 1 design freeze	September 2021	Completed.
Interim Stage 2 Feasibility Sign-off	October 2021	Completed.
Corporate Programme Board	October 2021	Completed.
Design Review Panel	25 November 2021	Completed.
Public consultation	08-13 December 2021	Completed.
Strategic Management Team	14 December 2021	Completed.
WKHA Board sign-off (In-principle)	21 December 2021	Completed.
Finance & Investment Advisory Committee	11 January 2022	
Health & Housing Advisory Committee	17 January 2022	
Cabinet	10 February 2022	
Full Council	22 February 2022	
Planning Submission	July 2022	
Decision on delivery vehicle	July 2022	
Contractor Specification and ITT issued	September 2022	
Planning Determination	October 2022	
Contractor Appointment/award	December 2022	
Start on site	January 2023	
Practical completion	Winter 2024	

## Financial Assessment

Note: Supporting information is located in Appendix D which is exempt from publication.

51. An external cost consultant (Playle and Partners) was appointed to advise on development costs, constructability and deliverability of the scheme. Cost advise was also tempered by the entire design team, and the cost plan is based on the emerging scheme's design and specification.
52. An external property consultant (Lambert Smith Hampton, LSH) was commissioned to determine the scheme's viability and advise on residential and retail sales and rents, general market conditions and product development. In addition, LSH has also consulted with local estate agents to advise on local market conditions.
53. Our property consultants suggest that the scheme is financially viable using a rent model. Their assessments have been closely scrutinised by the Council's Property and Finance teams and further external legal advice was sought from Trowers Hamlin.
54. The rent model requires the Council to operate as a PRS developer/investor, whereby it would take a longer term view and allow returns to be realised

over a longer period of time. The Council would build the residential and retail unit, and rents these units to the occupier market (as an investor). Net rents (after deduction of OPEX) are used to pay the interest cost associated with the loan.

55. Details of the cost plan, development appraisal and rent model can be found in Appendix D, where it can be noted that the scheme generates a residual land value and a positive net present value (NPV).
56. The financial appraisal includes a robust contingency and risk and inflation allowance. The appraisal has also undergone stress testing to determine its sensitivities to cost pressures, interest rate rises, decline in sales/rental values to mention a few, and these have set the financial parameters within which a viable scheme can be delivered.
57. The financial envelope for the proposed scheme (Option B) as summarised in Appendix D is:
  - The total project cost is not to exceed £26,575,836;
  - The preferred scheme is to be delivered using a rent-model;
  - The maximum interest rate that can be applied is 3%;
  - The minimum NPV acceptable to the Council is £8.1m;
  - The residual land value of £1.45m is to be realised on practical completion (PC).

## **Project Governance**

58. A Project Team has been set up within the Council and is being supported by a multi-disciplinary team of external consultants. The key external consultants include:
  - Bell Philips Architects as lead design consultant and Principal Designer
  - Lambert Smith Hampton as property consultant
  - Playle and Partners as cost consultant, project manager and employers agent
  - Centro plan as planning consultant
59. Structural, civil, traffic, fire and M&E engineers, together with other specialist consultants (landscape architects, arboriculturalist, to mention a few) were also appointed when tranche 1 project funding was approved by Council in February 2021.
60. The Project Team meets fortnightly and has adapted PRINCE2 methodologies to manage the project.
61. The Project Team reports to the Corporate Programme Board (CPB), which has oversight of the project. Monitoring reports (including highlight reports/exception reports, budget monitors and the risk register) are

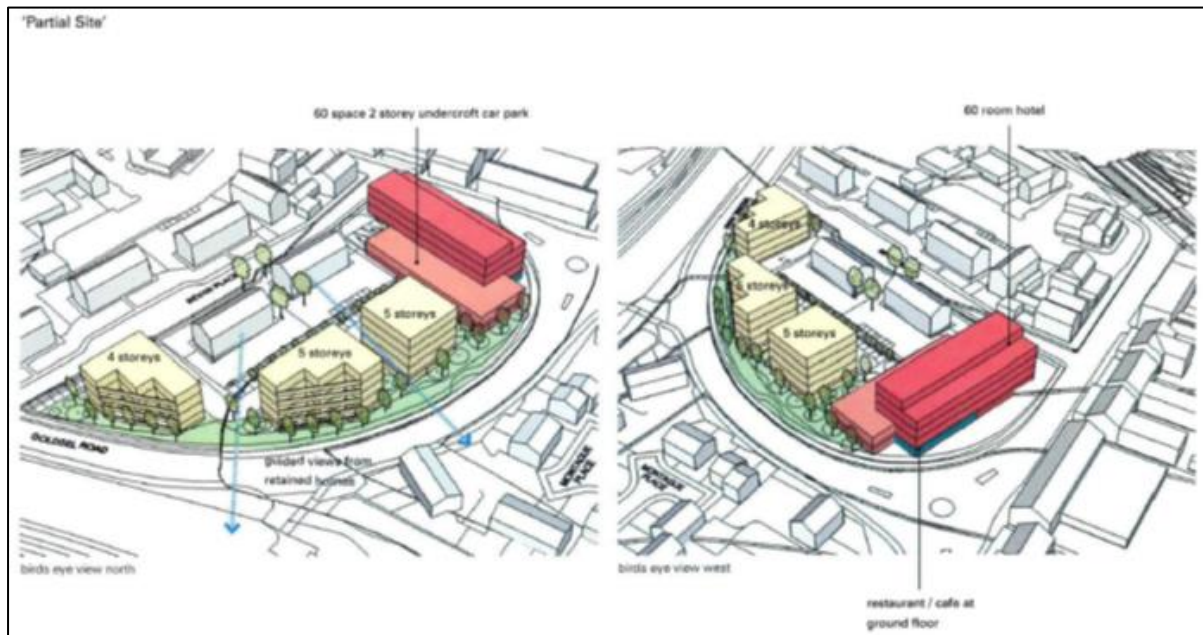
submitted monthly to the CPB. The CPB consists of senior officers within the Council and is chaired by the Chief Executive.

62. The Cabinet Members for Finance and Investment, and for Improvement and Innovation are provided with regular updates by the Strategic Head of Property and Commercial Services and the Chief Executive.

### **Other Options Considered**

63. Status quo option. This option would result in the former Working Men's Club site remaining vacant and the Bevan Place car-park remaining operational. It would also result in the two West Kent Housing blocks remaining in-situ. The Local Plan, Master Vision for Swanley and the emerging local plan consider this to be an at important development site in the Swanley Town Centre. Maintaining the status quo is not considered an efficient use of either the car park, which is under-utilised, or the former Working Men's Club (which was demolished in 2016) and would not contribute to the regeneration of Swanley. The housing blocks are also considered to be in need of significant retrofitting and it is considered more cost effective to demolish these units rather than retrofit them. As a result, maintaining the status quo does not meet the Council's or WKHA's objectives and ambitions.
64. Alternative uses for the Council owned site: Providing commercial uses on this site is not considered viable. However, consideration was given to the location of a hotel on this site, but this would not result in the site being optimised for development. While a mixed use scheme was considered that would include a hotel, physical, planning and viability constraints precluded this option.
65. Alternative residential layouts including alternative densities. A low rise development was considered on this site, but its density was not considered appropriate for this strategic town centre location. A lower density development would also not provide the transformational step change that the Council is seeking to catalyse Swanley's regeneration. In addition to a lower density scheme, a variety of alternate site layout options were considered, some examples are illustrated in Figure 2 below. Unfortunately, prefeasibility studies suggested that none of these options were viable.
66. Alternative delivery mechanism/model: A traditional delivery model, where the Council would build to sell the development, was considered but not considered viable. Details of this assessment are included in Appendix D.
67. Site disposal to a private sector developer: This option was considered and ruled out. While there is interest in the market for this site, informal discussions with potential developers suggest that offers from the market would fall below the Council's expectations. This is due to the challenging nature of this site's development. In addition, the Council would not be able to control quality, type of tenure and pace of development on this strategic site.

Figure 2 - Example of alternative options considered



68. An alternative option would be to dispose of the site with planning permission. This option has been ruled out as there is no guarantee that a developer will implement the planning consent. A private developer would seek to maximise profits. The Council would therefore lose control over this site and would not be able derive other community benefits and value from this site.

### Risk Assessment

69. A table outlining the key risks relating to this project are outlined in Appendix E.

### Financial Implications

70. In February 2021, council approved £730,000 to be included in the 2021/22 Capital Programme. This funding would enable the appointment of consultants to undertake detailed design and feasibility work. To date, the Council has spent £332,000 (08/12/2021). These costs are included in the cost plan and financial appraisal outlined in Appendix D.
71. The project team has now prepared a scheme that can be delivered using a rent model. The assumptions in the cost plan and the assumptions in the model (as outlined in Appendix D) appear to be robust and provide the Council with flexibility.
72. The financial parameter as set in Section 57 is expected to deliver a viable scheme. LSH advises that the proposed scheme would have a book entry value of c. £19.1m upon scheme PC.

73. The model generates a residual land value of £1.45m from practical completion. This capital receipt will be used to off-set the cost the Council incurred in acquiring the former Swanley Working Men’s Club.
74. The proposed scheme is intended to be funded (ultimately) from rental income from the residential and retail units (see Appendix D for more information). The model also includes a capital receipt generated from the sale of residential units to WKHA. According to the financial model, a cash surplus is generated from year one. This cash surplus, whilst modest in the first three years of operation, can be used by the Council to partially off-set loan repayments or could be used towards Council services, particularly in future years. Further details are provided in Appendix D.
75. The ‘White Oak Leisure Centre: New Build and Operator Procurement’ report approved by Council on 21 April 2020 included details of how the new centre would be funded. It was agreed that £10.63m would be funded by capital receipts from the sale and development of sites in Swanley including Bevan Place. The average annual cash surplus on the Bevan Place proposal in the first ten years (to tie in with the 10-year budget period) is £71,000, this would enable a 20 year (to tie in with the operator life cycle) PWLB annuity loan of up to £1.2m to be obtained as part of the £10.63m required from capital receipts for the new centre.
76. Table 2 below shows the expected expenditure over the duration of the project.

Table 2 - Expected Project Expenditure

	2021/22	2022/23	2023/24	2024/25	Total
	£	£	£	£	£
<b>Expenditure</b>	730,000	1,270,000	10,000,000	15,235,836	25,835,000

77. Short-term external borrowing will be used to fund the scheme during construction and at practical completion this will revert into a Public Works Loan Board (PWLB) loan. The potential financing costs are outlined in Appendix D and sufficient allowance is made in this cost to account for a range of future fluctuations in interest rates.
78. Consideration will need to be given to the VAT implications of the project. Dependant on the use of some of the elements of the project it may require specific VAT treatment. Further VAT advice is being sought from Trowers Hamlin.
79. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge known as the minimum revenue provision (MRP). It is proposed to use the ‘asset life method’ in the calculation of the Council’s MRP on an annuity basis where the principal repayments increase over the life of the asset. MRP commences in the financial year following that in which the expenditure is incurred, or in the year following that in which the relevant asset becomes



operational. This enables an MRP “holiday” to be taken in relation to assets which take more than one year to be completed before they become operational. The actual MRP charge will be calculated on individual categories of asset to ensure the appropriate MRP charge is recognised.

## **Legal Implications**

80. The Council has been through a process of determining the extent of its title together with any relevant restrictions. This has included the commissioning of a Development Constraints Report by the law firm Charles Russell Speechlys (April 2021). The report set out an action plan to overcome any weaknesses, which includes registration of the full development site, consolidating titles and, where appropriate, seeking insurances.
81. The land is currently held by the Council for a number of purposes, with the majority of the Council’s land being for the purpose of a car park. Section 122 of the Local Government Act clarifies that where land held by the Council is no longer required for the purpose for which it was previously held then it may be appropriated for another purpose. At a later stage, should the project receive planning permission, then it would be right for the Council to consider whether the land should be appropriated for the purposes of proper planning, including section 203 of the Housing and Planning Act 2016. Where appropriated for planning purposes the Council may proceed with a project without threat of injunction to enforce private rights. A further report would be provided at the time.
82. Importantly, part of the development site is within the freehold ownership of West Kent Housing Association (WKHA). However, it is ultimately intended that 14 units are to be transferred back to WKHA following the development under long leases of 125 years. The mechanism for incorporating their land into the development site is still subject to external legal advice. However, the indicative plan may involve the transfer of the land to the Council subject to the parties simultaneously entering into Development Management Agreements and an Agreement for Lease, to provide assurance to both parties. Such transfers are also to be subject to Stamp Duty Land Tax, which forms part of the external advice being sought.
83. The Council will be responsible for ensuring that all statutory approvals, including planning permission and building control, are obtained through the development process.
84. As part of the development it is expected that works will be required to the highway network. Standard agreements should be entered into for these purposes with the Highways Authority. This would include under section 278 of the Highways Act 1980. Additionally, it is likely that the Council may need to request a Traffic Regulation Order for the purposes of the development.

85. The proposed works would exceed the PCR thresholds and so would normally require the Council to conduct a national tender competition, including on Find a Tender, for the future contractor. However, Officers are currently exploring appropriate frameworks, which are already established under competitive conditions, to streamline the Council's processes while maintaining pressure on price.
86. It is envisaged that the construction contract will be split into two stages with the contractor involved in a Pre-Contract Services Agreement (PCSA). This has practical advantages including providing additional cost certainty by involving them at an earlier design stage and reducing the chances that significant changes are required after most of the design is set. However, a clear break would be provided to allow for the Council to change direction if dissatisfied with the performance or outcomes from the PCSA.
87. Should Officers pursue a framework arrangement then this will likely govern the choice of contract with any contractor. In most cases these will be from the JCT or NEC suite of contracts. Legal advice will need to be sought in ensuring the final form of contract, including any amendments, is appropriate and provides the Council with the necessary contractual safeguards.
88. The Council will need to consider the appropriate mechanism for the holding of assets following development, although it is expected that the Council will retain the freehold title. As noted above it is currently intended that certain dwellings be disposed to WKHA on a long lease. If the Council intends to retain any units itself then it must take account of the Housing Acts. As a Housing Authority the Council is not entitled to issue the industry standard Assured Shorthold Tenancies but rather may only issue Secure Tenancies. Further, since 1989 the Council has not retained a Housing Revenue Account; should the Council intend to retain fewer than 200 social units itself then they may apply to the Secretary of State for a direction to exempt those properties from the requirements of a Housing Revenue Account. As such it is envisioned that the remaining, market dwellings will be disposed/transferred to a third party to allow their commercial management.
89. Should the Council enter into any arrangements with its trading company or affordable housing company, any arrangements must be transparent and must not be in breach of rules on subsidy control. Any arrangements should generally be at market rates, mindful of what impact arrangements may have on the local economy.

### **Equality Assessment**

90. The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. A positive impact on end users is, however, anticipated. In particular, it is worth noting that appropriate "equalities requirements" will be specified in the various

contracts to be entered into for the construction of the scheme. In addition, the scheme is designed to promote an inclusive environment.

## Sustainability

91. A sustainability checklist has been completed, provided at Appendix F. The scheme will aim to achieve very high environmental performance targets in line with the Council’s Net Zero ambitions. Key sustainability measures and targets are outlined in sections 29, 30 and 31.

## Conclusion

92. This dynamic scheme provides good quality new homes in an exemplar scheme on a strategic development site in Swanley’s town centre. The proposed development presents a unique regeneration opportunity for Swanley that will set a new design and sustainability benchmark for future growth.

<p><b>Appendices</b></p>	<ul style="list-style-type: none"> <li>• Appendix A - Emerging Design Details</li> <li>• Appendix B - Public Consultation</li> <li>• Appendix C - Draft Heads of Terms with WKHA (Gold Papers - exempt from publication)</li> <li>• Appendix D - Financial Appraisal (Cost plan, development appraisal, financial model) (Gold Papers - exempt from publication)</li> <li>• Appendix E - Outline Risk Assessment</li> <li>• Appendix F - Sustainability Checklist</li> </ul>
<p><b>Background Papers</b></p>	<ul style="list-style-type: none"> <li>• Tibbalds (2016): Master Vision for Swanley and Hextable.</li> <li>• Sevenoaks District Council (2015): Strategic Housing Market Assessment.</li> <li>• <i>Sevenoaks District Council (2015): Allocations and Development Management Plan.</i></li> <li>• Sevenoaks District Council (2011): Core Strategy.</li> <li>• Sevenoaks District Council (Feb 2021): Report to Council - Update to the Property Investment Strategy.</li> <li>• Bell Phillips Architects (Dec 2021): Bevan Place Interim Stage 2 Report</li> <li>• Bell Phillips Architects (Oct 2021): Bevan Place Stage 1 Feasibility Report</li> <li>• Bell Phillips Architects (Dec 2019): Bevan Place Feasibility Studies</li> <li>• Sevenoaks District Council (Dec 2021): Bevan Place Survey Results from December 2021 Consultation</li> </ul> <p>The following background documents are exempt from publication. The applicable reason for this redaction is paragraph 3 of Schedule 12A of the Local Government Act</p>

<b>Appendices</b>	<ul style="list-style-type: none"> <li>• Appendix A - Emerging Design Details</li> <li>• Appendix B - Public Consultation</li> <li>• Appendix C - Draft Heads of Terms with WKHA (Gold Papers - exempt from publication)</li> <li>• Appendix D - Financial Appraisal (Cost plan, development appraisal, financial model) (Gold Papers - exempt from publication)</li> <li>• Appendix E - Outline Risk Assessment</li> <li>• Appendix F - Sustainability Checklist</li> </ul>
	<p>1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information). This is because it could prejudice the returns of a commercial tender that the Council will be undertaking and provides commercially sensitive information.</p> <ul style="list-style-type: none"> <li>• Playle and Partners (December 2021): Bevan Place Cost Plan (Interim Stage 2)</li> <li>• Lambert Smith Hampton (December 2021): Bevan Place Financial Model (Interim Stage 2)</li> <li>• Lambeth Smith Hampton (December 2021): Bevan Place Development Appraisals (Argus Models)</li> <li>• Lambert Smith Hampton (October 2021): Property Market Review</li> <li>• Savills (February 2019): Bevan Place Feasibility Assessments</li> </ul>

**Detlev Munster, Strategic Head of Property & Commercial**