

Report to: Cabinet



Date of Meeting 5 January 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Cranbrook Town Centre

Report summary:

It is 12 months since Cabinet resolved to accept the principle of signing a Memorandum of Understanding with the Cranbrook consortium of developers (New Community partners). This report provides an update as to progress on that exercise. The report also discusses progress on projects being progressed via Enterprise Zone funding.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

- 1) That Cabinet note the progress made to secure the delivery of Cranbrook Town Centre during 2021.

Reason for recommendation:

Significant work has been undertaken during 2021 to progress the Memorandum of Understanding and its associated valuation exercise, the delivery of development on parcel TC4a and with Enterprise Zone funded projects within the Town Centre.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change High Impact

Risk: High Risk;

Links to background information [Agenda for Cabinet on Wednesday, 28th July, 2021, 6.00 pm - East Devon](#) – minute 50 Cranbrook Town Centre; [Agenda for Cabinet on Wednesday, 6th January, 2021, 6.00 pm - East Devon](#) – minute 294 Cranbrook Town Centre; [Agenda for Strategic Planning Committee on Tuesday, 15th December, 2020, 2.00 pm - East Devon](#) – minute 94 Cranbrook Town Centre; [Agenda for Strategic Planning Committee on Thursday, 22nd October, 2020, 2.00 pm - East Devon](#) – minute 88 Cranbrook Town Centre

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
 - A greener East Devon
 - A resilient economy
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Report in full

1. Background

1.1. During late 2019 and 2020 officers and members were engaged in a negotiation with the developers of the current phase of Cranbrook (known as the New Community partners or NCp) in relation to the delivery of the town centre, which save for the Cranberry Farm pub, is presently vacant. This culminated in 6 January 2021 Cabinet (see link above) agreeing to the principle of a Memorandum of Understanding (MoU) being signed and delegating such authority to the Chief Executive and Portfolio Holder Strategic Planning to sign the final MoU.

1.2. The fundamental principles to be set out in the MoU were as follows:

- The NCp able to bring forward housing on a number of identified parcels in the town centre, with nil affordable housing on housing numbers over and above the existing outline planning permission. The additional housing to pay a reduced S106 contribution of £5,370 per dwelling
- District heating connections to all residential properties provided a connection charge of not in excess of £5,000/dwelling
- Offer to transfer all existing S106 town centre land obligations upon the MoU being signed (earlier than some of the current S106 triggers);
- Agreeing a financial contribution to be paid toward the construction of the Town Council Offices, Children's Centre, Youth Centre and Library in lieu of direct provision by the NCp;
- Give EDDC the option to purchase one or more of parcels TC3, TC4d & TC4e (see Appendix A for identification) at a market residential value.

1.3. Since the agreement of Cabinet negotiations have been under way in respect of both the precise wording of the MoU and the separate but linked valuation exercise for the land which EDDC will have an option to purchase.

1.4. Alongside these exercises the NCp have been working toward the submission of applications for planning permission for residential development on parcels TC3, TC4d&e, TC5a&b, TC6, TC7a&b and TC8 (See Appendix A) totalling circa 341 dwellings. The applications would be for a combination of reserved matters (balance of the existing consented housing numbers), full and outline planning permission. The housing parcels which EDDC will have an option to purchase would be sought in outline only to protect the

NCp's position should we not exercise our option to purchase one or more of the parcels. The NCp have advised that they will make the planning applications within two or three months of the MoU and valuation exercises being complete.

1.5. Additionally planning applications have now been made to deliver a supermarket the southern side of the high street comprising ground floor commercial units with residential above in two blocks separated by a town square and a children's day nursery on parcel TC4a. These applications require a Deed of Variation (DoV) to the principle S106 agreement to be finalised before they can be determined. This DoV will deal with a number of matters which are also to be covered in the MoU. Crucially however, the NCp will not allow the DoV to be finalised until the MoU has first been signed. This is due to the fact that the determination of the planning permissions will trigger a contractual ability for HDD (the TC4a developer) to complete their purchase of the parcel; a deal which has a lower than anticipated land value for the NCp.

2. Valuation

2.1. EDDC and the NCp have appointed valuers (LSH and Chesters Harcourt respectively) to act on their behalf to undertake a market residential valuation of parcels TC3, TC4d & TC4e pursuant to the proposal for EDDC to have an option to purchase the land. This valuation is Red Book compliant and should ensure that we secure value for money.

2.2. The three originally identified land parcels are detailed below:

Plot	Area (acres)	Plots
TC3	1.89	48
TC4d*	1.16	17
TC4e*	2.71	56
TOTAL	5.76	121

*Plots subsequently merged for the purposes of valuation

2.3 The valuation exercise is being undertaken based upon a set of principles agreed at the outset and then subsequently in July 2021, set out in a letter signed by EDDC, the individual NCp organisations and by HDD.

2.4 The principles include setting a date to which the valuation is based, an assumed price for the district heating connection, nil affordable housing, S106 costs per dwelling and basing the valuation upon a prescribed development scheme drawn up for the NCp. They also set out provisions for EDDC and the NCp to enter into a formal option agreement and for the valuation to be determined by an independent expert (appointed by RICS) should mutual agreement not be reached.

2.5 Negotiations between the valuers have been tricky and drawn out, not least due to there often being long periods of time between communications, usually on the part of the NCp and their valuer.

2.6 At the time of writing a purchase price for the land has recently been stated by the NCp but not agreed by EDDC. Advice received from LSH for EDDC puts the valuation of the land significantly below the figures being stated by the NCp and their valuer. Further details of this valuation process are given in the linked Part B Cabinet paper.

2.7 The delay in finalising the valuation is providing uncertainty for the NCp who cannot finalise their partitioning of the town centre residential land. This causes delay with drawing up plans for the development of those parcels.

3. Cranbrook Strategic Delivery Board

3.1. The Cranbrook Strategic Delivery Board includes representation from members of Cranbrook Town Council, East Devon District Council and Devon County Council and were involved in the negotiations with the NCp in relation to the town centre which culminated in the Cabinet resolution of January 2021. The Board have had sight of both this part A and the linked part B paper and have indicated their support for the recommendations set out for both papers.

4. Conclusion

4.1. Progress continues to be made to support the delivery of Cranbrook town centre, with the appointment of consultant support providing the professional support and additional capacity needed to support the Council.

4.2. This paper provides information on the progress made and the next steps that are recommended to support the delivery of the town centre.

Financial implications:

There are no direct financial implications from the recommendations in the report at this stage. Clearly there are significant financial implications in the details being considered and these will need to be covered when Cabinet are asked to consider making actual land purchases.

Legal implications:

The report does not raise any specific legal implications requiring comment.

