
ACQUISITION OF FORMER MOD SITE, ELY

Committee: Council

Date: 18 December 2018

Author: Chief Executive and Strategic Land Advisor

[T166]

1.0 **ISSUE**

1.1 The acquisition of the former Ministry of Defence Site, Ely.

2.0 **RECOMMENDATIONS**

2.1 Members are requested to:

- (i) approve the purchase of the former MOD site, Ely and the concurrent transfer to East Cambs Trading Company (ECTC);
- (ii) approve an extension of the loan facility on a drawdown basis by an additional £1.5m for the purposes of the purchase and development of the site as detailed in paragraph 5.0;
- (iii) authorise the Section 151 Officer and Legal Services Manager to complete the necessary legal and financial documentation necessary to implement the above 2.1 (i) (ii).

3.0 **BACKGROUND**

3.1 The former MOD site at Ely comprises 88 empty houses and adjoining land (See Appendix 1). The ECTC will undertake a rolling refurbishment programme including the sub division of 4 units resulting in a completed scheme of 92 units. 15 of these units will become affordable, shared ownership CLT homes for the benefit of people who live or work locally.

3.2 The houses were previously used as Services Accommodation for the US Air Force and they have been empty for a number of years. An opportunity now exists for ECDC to ensure that the houses are returned into general use.

3.3 In addition to the above, the MOD site offers ECTC the opportunity to develop infill land within the site to create a further 62 homes (subject to Planning). There may be an opportunity to enter into a joint venture with the Cambridgeshire and Peterborough Combined Authority (CPCA) to facilitate this development.

3.4 The CPCA on 28 November 2018 (ref: Agenda Item 6.1) agreed the provision of a 2 year repayable commercial loan facility capped at £24.4m to ECTC. The draft heads of terms for this loan, to include a charge on the land is attached as Appendix 2.

4.0 ARGUMENT/CONCLUSION

4.1 The recommendations paragraph 2.1 detail the necessary actions to be taken by the Council to facilitate this development, specifically:

- Purchase of the former MOD site by East Cambridgeshire District Council
- Transfer of the site on a concurrent basis from ECDC to East Cambs Trading Company
- Extension of the loan facility from ECDC to ECTC.

4.2 The requirement for the Council to purchase the site directly from the MOD is a requirement for a 'public to public' transfer in the first instance to meet their procurement arrangements.

4.3 The concurrent transfer of the site from the Council to ECTC (prior to completion) will enable the Council as the shareholder of ECTC to benefit from the commercial development of the site as well as the provision of CLT affordable homes.

4.4 The extension of the loan facility detailed in paragraph 5 is a requirement by the CPCA and ECTC to provide finance to bridge the funding gap as detailed in the Business Plan (See Appendix 3).

5.0 FINANCIAL IMPLICATIONS

5.1 The Council's financial position and forward projections agreed by Council (ref: 22 February 2018, Agenda Item 10) confirmed a balanced revenue budget in 2018/19 and 2019/20, subject to any changes in Government funding as a consequence of the 2019 Spending Review. It is expected that the Section 151 officer will be able to report to Council in February 2019 that it now has a balanced budget for 2020/21.

5.2 The Council is currently debt free, but is expected to borrow externally over the period of the MTF5 up to a maximum of £6,500,000. The Council will need to increase its external borrowing in order to extend the loan facility on a drawdown basis by £1.5 million for the specific purposes of facilitating the purchase and development of the former MOD site, Ely. The draft loan heads of terms are attached as Appendix 4.

6.0 APPENDICES

- 6.1 Appendix 1 - Site Plan, former MOD site, Ely
Appendix 2 - Draft Heads of Terms for loan agreement between CPCA and ECTC
Appendix 3 - ECTC Business Case
Appendix 4 - Draft Heads of Terms for loan agreement between ECDC and ECTC

Background Documents

CPCA - 28 November 2018
Agenda Item 6.1

Location

Room 103
The Grange
Ely

Contact Officer

John Hill
Chief Executive
(01353) 616271
E-mail: john.hill@eastcambs.gov.uk