

BexleyCo

Report to Resources and Growth Overview and Scrutiny Committee

23rd March 2021

Introduction

This report provides a summary of progress toward the BexleyCo Business Plan. The key element of the Plan is a primary focus on residential development across the first seven sites on a build for sale basis. This low risk approach provides a strong medium-term profit position with a low long-term peak debt exposure. The current progress on the seven development sites is summarised in Section 1 and a financial update is provided at Section 2.

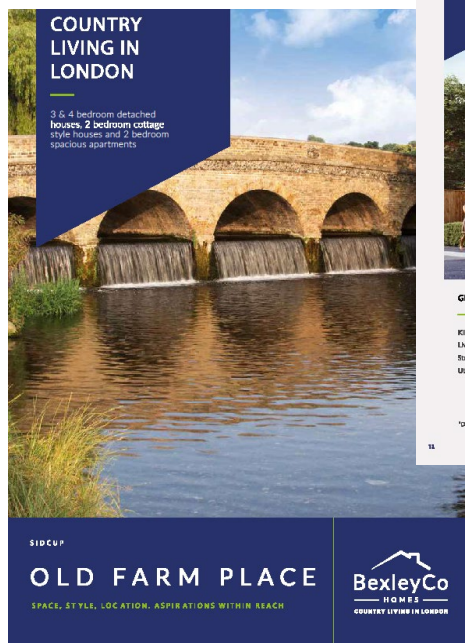
1. Development Site Summary

Old Farm Place - Sidcup

A development of 58 high quality family homes, close to Sidcup station with a development value of £26m.



- Comprises 28 new 4, 3 and 2 bed houses and 30 apartments, 21 of which are of an affordable tenure, being 9 shared ownership and 12 affordable rented homes.
- Designed in a traditional style they provide an excellent site for Bexley families to live. The site is well landscaped with ample parking.
- The development has also provided an enhanced park on the area to the west of the development.
- Site closed for 6 weeks due to the first wave of Covid-19 and 1st National lockdown between late March 2020 and early May 2020.
- Further construction challenges due to: Covid-19 work force issues and the need to maintain safe social distancing, limited the pace of some works; diverse winter weather issues limiting bricklaying and ground works; and some EU supply chain issues due to Brexit transition arrangements.
- The homes will still be completed in phases between July 2021 and November 2021.
- 21 affordable homes advance sold to Moat.
- Through the 'local' first approach the 37 private for sale homes have been available to reserve by local residents since early January 2021.
- 15 reservations from local buyers have already been taken by end February 2021.
- All new homes are forecast to be sold by early 2022.
- The show homes and sales suite will be opened from 17th April 2021.
- A marketing brochure and micro-website will soon be available.



COUNTRY LIVING IN LONDON

3 & 4 bedroom detached houses, 2 bedroom cottage style houses and 2 bedroom spacious apartments

OLD FARM PLACE

SPACE, STYLE, LOCATION, ASPIRATIONS WITHIN REACH

BexleyCo
HOMES
COUNTRY LIVING IN LONDON

OLD FARM PLACE

THE BEECH

Plot 5, 12' x 25'

An impressive four bedroom detached house, providing a generous living space, separate living rooms, double utility room on the ground floor. Upstairs there are well proportioned bedrooms, two master bedrooms with en-suite, together with three further bedrooms and a family bathroom.



GROUND FLOOR		FIRST FLOOR	
Kitchen/Dining	6.7m x 2.7m 22'0" x 12'2"	Bedroom 1	4.6m x 2.5m 15'1" x 11'0"
Living Room	4.5m x 3.4m 14'9" x 11'2"	Bedroom 2	3.7m x 2.4m 12'2" x 11'2"
Study	2.7m x 2.2m 8'10" x 7'3"	Bedroom 3	3.6m x 2.2m 11'10" x 7'2"
Utility	2.2m x 1.8m 7'0" x 5'11"	Bedroom 4	3.5m x 2.2m 11'4" x 7'2"
Total Internal Area: 129.5 m ² 1,394 ft ²			

*Dimensions a headed plan. Contractor generated image is indicative only.

Lesney Park - Erith

A stunning proposed development of 17 new 4, 3 and 2 bedroom houses, with a development value of £8m.



- 8 affordable rented apartments designed for supported living to be returned to the Council.
- Set in a great location, within the exclusive Lesney park area, close to Erith Station and Northumberland Heath town centre.
- Site consented in January 2020 and awaiting transfer from the Council.
- Target for completion Spring 2023.

West Street - Erith

A proposed development of 30 quality one and two bedroom apartments for sale close to the River Thames, Erith Town Centre and Station, with a development value of £7.8m.



- Site consented in February 2020 and awaiting transfer from the Council.
- Target for completion late 2022.

Bursted Woods – Barnehurst

A proposed phased development of quality family homes set in beautiful woodland with its own estate road and country feel with an estimated value of £40m.



- Close to Barnehurst station and the town centre at Bexleyheath this site offers the best of all worlds.
- At the heart of the development is the conversion of an impressive listed building providing period style apartments. The development will also provide new affordable rented homes for residents who need extra support as well as affordable rented and shared ownership homes.
- Awaiting funding business case approval from the Council. Planning by Spring 2022 and development completed in phases from late 2024 to 2025.

Felixstowe Road – Abbey Wood

A proposed development of new apartments adjacent to Abbey Wood station with excellent future high speed rail links to London with a development value of up to £90m.



- BexleyCo's flagship development is at an early concept stage. The aim is to deliver a high quality, modern development at the new gateway into the borough and to central London, with new public realm and commercial space.
- Funding business case being prepared for a target approval by end June 2021. Planning by end 2022 and development completed by 2026.

Walnut Tree Depot (Pipeline Site 1)

A proposed flatted development of 62 new apartments, 21 of which affordable with an estimated development value of £18m.



- Set in a great location, close to Erith Station and Town Centre. It will provide commercial space and new route with public realm linking the station to the Town Centre.
- Awaiting funding business case approval from the Council.
- Planning by early 2022 and development completed by late 2024

Sidcup Library (Pipeline Site 2)

A proposed stunning development of 32 new apartments with a development value of £10.5m.



- Set in a great location, in Sidcup Town Centre.
- Awaiting funding business case approval from the Council.
- Planning by late 2021 and development completed by Spring 2024

2. Old Farm Place Sales, Marketing and Financial Progress

At BexleyCo's first development good progress has been made with the advance sale of the affordable units to Moat and around a third of the private homes have been reserved by local buyers.

The following table compares the original Business Case, Business Plan and the current forecast demonstrating a continued improvement in the financial position of the development.

Old Farm Place	Business Case Nov 2019	Business Plan Nov 2020	Current Forecast Mar 2021
	£m	£m	£m
Gross Development Value	25.4	26.1	26.4
Development Costs	22.1	22.4	22.2
Development Profit [pre-tax]	3.3	3.7	4.2
% profit on cost*	14.9%	16.6%	18.9%
% profit on GDV	13.0%	14.2%	15.9%

* BexleyCo's target was to achieve 15% profit on cost.

The current forecast is subject to change as it is based on reservations taken up to end February 2021 and development costs retain an element of contingency.

It is also important to note that the £22m development costs include the following additional returns to the Council:

Council returns	£m
Land receipt	3.6
Reimbursement of planning costs	0.4
Park & commuted sum	1.0
CIL	0.4
Traffic calming	0.1
Margin on debt funding	0.3
Total returns excl. dividends	5.5

Therefore, the total forecast return to the Council from BexleyCo on the Old Farm Place development, including pre-tax profits is £9.7m.

There are no changes to the forecast returns from the other 6 developments, however changes to the regulations regarding borrowing from PWLB will limit BexleyCo's ability to purchase property assets for yield and adjustments to the Business Plan assumptions in this regard will be made in the coming months.

Graham Ward, Managing Director
11th March 2021