



Homes
England

Date: 4 February 2022

Our Ref: RFI3737

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

Making homes happen

By Email Only

Information Governance Team
Homes England
Windsor House – 6th Floor
50 Victoria Street
London
SW1H 0TL

Dear [REDACTED]

RE: Request for Information – RFI3737

Thank you for your request for information which was processed in accordance with the Freedom of Information Act 2000 (FOIA).

You requested the following information:

A FOI request stated that the business case for acquisition assumed that Homes England would receive a receipt of £27 million pounds [RFI3335].

Would you please provide the investment criteria / valuation assumptions that gave rise to the figure of £27m . In particular I would like to understand whether the £27m was the assumed sell on price or if it included other receipts that flowed as a response of the sale .

Response

We can confirm that we do hold recorded information that falls within the scope of your request.

Please find attached Annex A, the sections from the Business Case for the acquisition that fall in scope.

The table at 5.1 of the Final Business Case sets out a table showing capital receipts, totalling £27m (undiscounted) and reflects the proposed deferred payment terms as indicated in para 4.4 (disposal strategy).

Right to Appeal

If you are not happy with the information that has been provided or the way in which your request has been handled, you may request an internal review. You can request an internal review by writing to Homes England via the details below, quoting the reference number at the top of this letter.

Email: infogov@homesengland.gov.uk

OFFICIAL



Homes
England

Making homes happen

Date: 4 February 2022

Our Ref: RFI3737

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

The Information Governance Team
Homes England – 6th Floor
Windsor House
50 Victoria Street
London
SW1H 0TL

Your request for review must be made in writing, explain why you wish to appeal, and be received within 40 working days of the date of this response. Failure to meet this criteria may lead to your request being refused.

Upon receipt, your request for review will be passed to an independent party not involved in your original request. We aim to issue a response within 20 working days.

You may also complain to the Information Commissioner's Office (ICO) however, the Information Commissioner does usually expect the internal review procedure to be exhausted in the first instance.

The Information Commissioner's details can be found via the following link:

<https://ico.org.uk/>

Please note that the contents of your request and this response are also subject to the Freedom of Information Act 2000. Homes England may be required to disclose your request and our response accordingly.

Yours sincerely,

The Information Governance Team
For Homes England

OFFICIAL

5. Financial Case

5.1 Budget Profile

The proposed project funding is as follows (**Option 2**, undiscounted):

	Previous year	2017/18	2018/19	2019/20	2020/21	2021/22	Future years	Total
Expenditure			22.1	0.1				22.2
Capital								
Resource			0.1	0.2				0.3
Total £M			22.2	0.3				22.5
Receipts								
Capital					(5.5)	(6.7)	(14.8)	(27.0)
Revenue			(0.1)	(0.2)	(0.1)			(0.5)
Total £M								(27.5)
Net position								(3.0)

Table 5.1 provides the split between CDEL and RDEL for the Homes England investment.

Investment item	CDEL	RDEL	TOTAL
Site acquisition	21,000,000	-	21,000,000
SDLT	1,039,500	-	1,039,500
Pre-acquisition due diligence costs	-	48,000	48,000
Estate management costs	-	60,000	60,000
Additional technical fees	180,000	-	180,000
Acquisition and disposal legal fees	-	90,600	90,600
Agent disposal fees	-	77,400	77,400
TOTAL	22,219,500	276,000	£22,495,500

Not in Scope

Not in Scope

4.4 Disposal Strategy

Despite the site having an extant Outline Planning Consent, King's has received limited offers from developers for Fence Avenue. Feedback from their agents suggests that this is because:

- At 300 units, the site, as a single lot, is **too large**;
- Requirement for an **unconditional** purchase; and
- Significant **upfront capital expenditure**, without deferred payments terms, having a negative impact on Return on Capital Employed.

Whilst there is known market interest in this site and Macclesfield is an area of high demand, the opportunity needs to be presented to the market in such a way as to maximise the opportunity which may include, but not limited to:

- Disposal of **plots**;
- Payment on **deferred payment** terms; and
- It is therefore proposed that Homes England conducts 'soft-market' testing activities with members of its **DPP3** to raise the site's profile and determine what actions Homes England could take to make the opportunity more appealing to developers.

It is proposed that Homes England would act upon the feedback it receives through soft-market testing to shape the disposal process in an effort to increase developer interest in the site. Following assimilation of the information generated through the soft-market testing exercise, it is anticipated that procurement of developer(s) would commence in Autumn 2018. The preferred developer will be selected in Spring 2019 and will be required to submit Reserved Matters for the first phase of development in Autumn/Winter 2019 – well in advance of the expiration of the Outline Planning Permission.

Not in Scope