

BURWELL, DEVELOPMENT OF LAND IN NEWMARKET ROAD

To: **General Purposes Committee**

Meeting Date: **28th July 2015**

From: **Chief Finance Officer& Head of Strategic Assets**

Electoral division(s): **Burwell**

Forward Plan ref: **2015/055** *Key decision:* **Yes**

Purpose: **To update the Committee on proposals for the development of the Council's land at Newmarket Road in Burwell, and seek approval to enter into appropriate agreements to progress the proposals through to implementation.**

Recommendation: **General Purposes Committee is asked to authorisethe Chief Finance Officer, in consultation with the Chairman of General Purposes Committee (GPC) and the Treasury Strategy Review Working Group to enter into appropriate agreements outlined in this report required to implement the development by the Council of the land at Newmarket Road in Burwell.**

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1. BACKGROUND

- 1.1 The County Council owns 67 acres of Grade 2 agricultural land at Slade Farm in Newmarket Road in Burwell, which is part of a larger area of 455 acres at Slade Farm.
- 1.2 The land has been allocated in the recently adopted East Cambridgeshire Local Plan shown on the allocation plan at the end of this report, and the Council will shortly be submitting an outline planning application for the development of approximately 350 new homes on the site. The Council's directly appointed planning consultants, Pegasus, have already carried out significant archaeological and ecological reports, and other technical studies to support the application including producing a Masterplan.
- 1.3 The Council has been progressing the allocation of the site for a number of years, and as the project has come closer to fruition, has commissioned reports from consultants GVA to confirm the viability of the development, and to test the most effective way of bringing forward the development of the site.
- 1.4 In response to the growing budget pressures, and an increased appetite for risk, further proposals have been explored which would see the Council retaining full ownership of the land with houses through a wholly-owned Special Purpose Vehicle (SPV) set up as a separate company, which would manage the development and construction phase of the project.
- 1.5 The Council would retain ownership of the completed development, including the affordable and social housing element, and would manage the properties for rent, through a related Management Company. There may be some freehold sales of parts of the site depending on the final viability model and requirements of the planning consents.
- 1.6 The current viability model shows that a 100% rented scheme across the site would be viable, and this is summarised in the latest presentation from consultants GVA at confidential **Appendix 1**. Further viability modelling has been commissioned and the progress of the project will be conditional on a positive outcome to this work. The broad parameters of the 100% rented scheme are detailed in the viability model and summarised in the confidential Appendix 1.
- 1.7 The proposals for this site have been developed in consultation with Members: previously with the appropriate Cabinet Member, and subsequently with Group Leaders, and lately the Treasury Strategy Review Working Group. The latest proposals for the Council-led development of the site are an innovative response to the current economic crisis, and are being explored contemporaneously by a number of other local authorities. The final structure and programme for implementation is therefore as yet undefined or untested, but Members have expressed the desire to push ahead with the scheme, learning from experience, and accepting any negative impact on returns as a result, as a guide as to how to improve similar future projects.
- 1.8 Although the SPV is intended as a commercial and investment vehicle, Members propose to outline a set of parameters or 'design principles' which will govern the approach to the type of development the Council will carry out on its own land. Examples of these will be adherence to Local Plan policies on affordable housing, quality of development, such as the provision of Lifetime

Homes, and adherence to s.106 and CIL requirements laid out by statutory authorities

2. MAIN ISSUES

- 2.1 In order to progress the project through to implementation, the Council will need to enter into a number of different types of agreement and contract, and it is proposed that the authority to enter into these is delegated to the Chief Finance Officer in consultation with Members as outlined above.

The recommendation is that the General Purposes Committee authorises the Chief Finance Officer, in consultation with the Chairs of GPC and of the GPC Investment Risk Reference Group to enter into appropriate agreements outlined in this Report, required to implement the development by the Council of the land at Newmarket Road in Burwell

- 2.2 The possible contracts and agreements will include:-

- S.106 and other planning agreements
- Establishment of one or more Companies, regulated by law
- Contracts for the provision of specialist technical advice and consultancy
- Funding agreements with Public Works Loan Board
- Construction contracts for the development of infrastructure and new homes
- Contracts for letting, and freehold disposal if required
- Any other agreement required to enable the project to progress

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The development at Burwell will provide jobs in the local area during construction phase, management of the completed homes, and will provide homes for workers throughout the area

Retaining ownership of the completed housing units provides the potential for the County Council to discuss the proposed use of parts of the development as Key Worker housing for County Council employees

3.2 Helping people live healthy and independent lives

The Council proposes to build 'Lifetime Homes' to a standard which will allow residents to stay in their homes for the longest possible time. The Council will meet its statutory requirements for provision of supporting Open Space and other facilities through the planning system.

3.3 Supporting and protecting vulnerable people

Retaining ownership of the completed housing units provides the potential for the County Council to discuss the proposed use of parts of the development to provide specialist housing to meet established Care needs.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant financial implications in confidential Appendix 1.

The Council does not currently have the skills or capacity to manage this project in addition to its Business as Usual workload. Additional resources will be required to provide an in-house client function for the project, and to resource the SPV.

The Council will forward fund the capital construction costs, which will be repaid from rental income from the completed development.

4.2 Statutory, Risk and Legal Implications

The Council will accept and manage financial risk as part of these proposals. The housing market can be volatile, and the property development market is dependent on economic conditions for funding, resource and financial returns. Generally the property market performs well over the long term, but can be subject to short term volatility and fluctuations in demand and consequently in value.

The Council will establish separate legal entities as part of these proposals, and will be required to abide by the law governing such entities.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

Full engagement and consultation will be undertaken with the local communities as part of the local planning process. The Local District and Parish Councils have already been engaged in the process and are fully supportive of the proposals.

4.5 Localism and Local Member Involvement

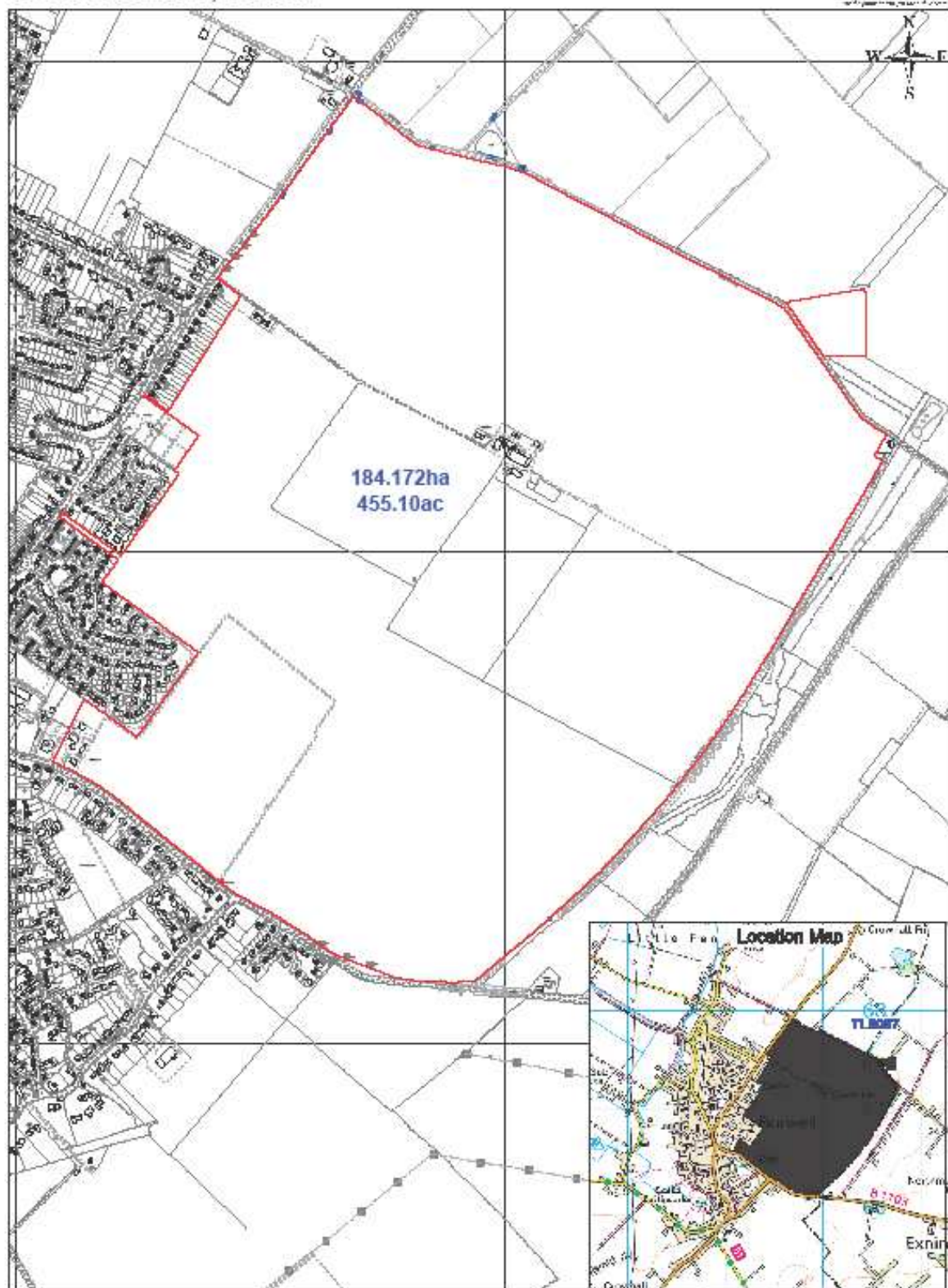
The following bullet points set out details of implications identified by officers:

- The Local member is Councillor David Brown, who has been kept informed of progress with the site.
- The Parish Council were involved in preparing and are supportive of the Masterplan.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Plans attached.	Head of Strategic Assets



Scale (at A4): 1:10,000

Date: 5th December 2013

By: bs270

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