

CABINET – 13TH SEPTEMBER 2019**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****POTENTIAL STRATEGIC DEVELOPMENT AREA – M69 JUNCTION 2****PART A****Purpose of Report**

1. The purpose of this report is to:-
 - (i) Brief the Cabinet on proposals to develop a Strategic Development Area (SDA) adjacent to M69 Junction 2 to the west of Stoney Stanton and Sapcote which might incorporate some or all of 62 hectares of farm land owned by the County Council in this area;
 - (ii) Enable the Cabinet to consider and give its views on how the County Council might become involved in the promotion and delivery of the SDA taking account of the key issues identified in this report; and,
 - (iii) Seek the Cabinet's support for the proposed initial approach for the County Council as both a landowner and key infrastructure provider.

Recommendation

2. It is recommended that:
 - a) The Council's land situated to the west of Stoney Stanton (shown coloured pink and edged pink on the plan attached as Appendix A to this report) be promoted as part of the proposed Strategic Development Area (SDA) for inclusion in the future Blaby District Local Plan;
 - b) The Director of Corporate Resources:
 - I. enter into discussions with landowners to assess the best way to achieve delivery of the SDA and in particular the land assembly that will be required to support this as set out in paragraphs 30-36 of this report;
 - II. in collaboration with the Director of Environment and Transport and the Chief Executive formulate an approach for the County Council in the promotion and future delivery of the proposed SDA taking account of the resources this will require and balanced against existing and future planned growth projects placing demands on the Council's resources;

- c) A further report be submitted to the Cabinet in November 2019 detailing the outcome of the work undertaken and setting out the proposed approach for consideration.

Reasons for Recommendation

3. To further the inclusion of the County Council's land within the proposed SDA and the inclusion of the SDA within the future Blaby District Local Plan thereby maximising the benefits to the Authority and protecting both its property and the wider interests in the area.
4. To enable the development of a structured framework on which to base the ongoing promotion of the County Council's land interests, to set out the extent of the Council's planned involvement in both its promotion and development and to facilitate cooperation and ongoing discussions with potential landowner and developer partners on how best to take this forward.

Timetable for Decisions (including Scrutiny)

5. An early decision will enable progress to be made in the promotion of the County Council's land and the SDA through the planning system, in identifying a strategy for the County Council's role in the management and delivery of the scheme and provide reassurance to other landowners in progressing discussions on land assembly through collaboration or otherwise.
6. It is intended that a report will be presented to the Cabinet detailing the outcome of the work undertaken and the proposed way forward in November. The Scrutiny Commission will be consulted as part of this process at its meeting on 6th November 2019.

Policy Framework and Previous Decisions

7. The County Council Strategic Plan 2018-22 approved by the Cabinet in November 2017 recognises the need to be entrepreneurial in the use of assets and resources in order to ensure delivery of the Council's vision including a key outcome of ensuring that Leicestershire has a choice of quality homes that people can afford and a strong and growing local economy.
8. The Strategic Growth Plan adopted by the County Council and partner organisations in 2018 identifies the need to create, through investment in improved infrastructure, conditions to sustain and grow a strong local economy recognising that proposals brought forward by others including the Trans-Midland Trade Corridor (A46 Expressway) create opportunities for major development.
9. The Cabinet at its meeting on 24th May 2019 in considering the report "Supporting Growth in Leicestershire" recognised the need for the County

Council to be proactive in the co-ordination of infrastructure delivery necessary to support major development schemes and the wider community.

10. The Council's Corporate Asset Investment Fund Strategy for 2018 – 2022 approved by the Cabinet in September 2018 (which has been updated and will be considered elsewhere on the agenda for this meeting) includes the following aims:
- (i) To support the objectives of the Council's MTFS, generate an income, increase the Council's financial resilience and support delivery of front line services;
 - (ii) To support the aims of the Council's Strategic Plan, in particular delivery of the objective of affordable and quality homes through helping to unlock and accelerate developments;
 - (iii) To support growth in the County and meet the aims of the Economic Growth Plan and the County-wide Local Industrial Strategy;
 - (iv) To manage risk by investing in diverse sectors and ensure a more diverse range of properties are available to meet the aims of economic development.

Resource Implications

11. Future long-term capital receipts would accrue to the County Council if its land were to be developed as part of a SDA and subsequently sold. Such receipts would be dependent on the strategy adopted for the management of the Council's assets, delivery of the scheme and the successful promotion of the SDA as an allocation within the emerging Blaby Local Plan, the subsequent grant of planning consent, and future property market conditions over the next 20 years.
12. Delivery of the SDA would be a large and complex project that could require significant upfront investment by the County Council in order to generate future financial returns. Inevitably this would bring a degree of risk. The Council is mindful of this and will therefore consider the financial implications in determining its planned approach and appropriate governance and other mitigation necessary to limit, as far as possible, known risks.
13. The County Council has submitted a bid to Homes England for grant funding from the Housing Infrastructure Fund which if successful could provide funding of up to £19m towards the delivery of strategic infrastructure required to deliver the scheme.
14. However, the following resources, common to all potential options would be required to ensure that the County Council maximises its potential benefits:-
- a) In-house professional property, legal and financial resources.
 - b) Specialist external property, legal and financial/tax advice procured to advise the Council and support discussions with landowners and

developers in achieving land assembly. These are likely to be in the order of £50,000.

- c) Work that is required to promote the Council's land and wider site as a proposed SDA in the Blaby District Local Plan which may include the preparation of an initial Strategic Vision document, Transport Assessment Studies and feasibility/viability appraisals. Dependent on the level of collaboration between landowners these costs are estimated to total a maximum of approximately £300,000.
- d) Work to be undertaken by the Growth Unit to assess and prioritise this scheme alongside the County Council's other large-scale growth projects, balancing the resources required to support these, and securing appropriate cross departmental governance oversight.

Circulation under Local Issues Alert Procedure

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PART B**Background**

16. The proposed SDA would be focussed on the area around the M69 Junction 2 to the west of Stoney Stanton and Sapcote in the Blaby District. It would have the potential to extend to upwards of 1000 acres (land which is in multi-ownership) and the capacity to deliver approximately 4500 houses and 2.8 million square feet of employment workspace together with supporting infrastructure, which for a development of this scale would need to include 3 primary schools, a secondary school, local and neighbourhood centres and significant highways and transport infrastructure.
17. Aware of the potential that exists to promote major development opportunities arising out of the future implementation of the Strategic Growth Plan significant developer / promoter interest has been shown in bringing forward an SDA in this location. It is therefore likely that an SDA will be brought forward in this location irrespective of the County Council's active involvement. In addition, a strategic rail freight terminal to be served by the Leicester –Birmingham line is proposed to the west of the M69.
18. The County Council owns a number of farm properties at Sapcote and Stoney Stanton as shown coloured pink on the plan attached as Appendix A. 62 hectares (152 acres) of this land shown edged pink has the potential to be included within the proposed SDA.
19. Blaby District Council is currently undertaking a review of its Local Plan and as part of that process has undertaken a Call for Sites consultation which closed on 7th May 2019. This was necessary to inform the next stages of the local plan process., The 62 hectares of the County Council's land shown coloured and edged pink on the plan has been submitted, as part of a co-ordinated response with adjoining landowners, to support the aspiration to deliver a strategic housing development in this area, recognising that some of this land sits in an area of separation necessary to maintain the integrity of the individual villages.
20. The emerging Local Plan has now reached its Issues and Options consultation stage which closes on 30th September 2019. Thereafter the Local Plan will pass through its later stages with a view to it being adopted in 2022.
21. Recognising the potential of these major developments to deliver and sustain significant housing development, following the decision of the Cabinet in December 2018, the County Council has submitted a "Forward Fund" Housing Infrastructure Fund bid targeted at the South West Leicestershire strategic growth area. The bid which focusses on demonstrating the links to the

emerging Strategic Growth Plan and priorities identified by Midlands Connect and Midlands Engine, will help secure the infrastructure required to unlock planned housing growth in this area and in Lutterworth. This funding will be crucial to accelerating the opening up of this site and the building out of the potential residential development.

Local Planning Context

22. Current planning policy is set out in the Blaby District Local Plan (Core Strategy) which was adopted in 2013 and covers the period to 2029. This Policy has been further developed by the adoption of the Delivery Development Plan Document (DPD) in 2018 which clarifies the location and extent of the housing allocations identified within the district.
23. In February 2019, the District Council adopted its Blaby District Growth Plan. This sets out the key principles and objectives that will be used by the District Council in taking forward new development and infrastructure within its area and in planning new communities. These focus on developments being infrastructure led, integrated and self-sustaining, of quality design and construction, creating a healthy environment and providing access to employment business and skills.
24. The emerging Fosse Villages Neighbourhood Development Plan (NDP), whilst recognising the aspirations of the Strategic Growth Plan and its importance in shaping future planning policy, accords with the current Local Plan due to its statutory status.
25. The potential SDA site is currently allocated within the current Local Plan as open countryside. As Blaby District Council currently has a 5 year housing land supply there is little scope to promote large scale housing development on an opportunity basis; the Local Plan allocation for both Stoney Stanton and Sapcote having already been delivered or committed in full. Beyond the current Local Plan period, however, there will be a significant additional housing requirement for Blaby District as outlined in the Housing and Economic Development Needs Assessment (HEDNA) which was commissioned by the County Council and its partners (the City Council, the seven district councils and the Leicester and Leicestershire Enterprise Partnership (LLEP)) in 2016.
26. In the adoption process for its Delivery DPD Blaby District Council committed itself to an early review of its Local Plan in order to secure the ongoing delivery of housing across the district. This review is now ongoing and will cover the period to 2036. The proposed SDA, if included, would facilitate the future delivery of this much needed housing in compliance with the Strategic Growth Plan and the Blaby District Growth Plan.

27. The proposed Strategic Rail Freight Interchange if brought forward in advance of the SDA may take up the current demand for employment and logistics development in the area. It is therefore intended that the SDA would be a residential led development which compliments this strategic development area.

Promotion and Delivery of the SDA and the Role of the County Council

28. In order to secure the site's inclusion in the new Blaby District Local Plan it will be essential to demonstrate to the Local Planning Authority (LPA) that the site provides a viable option for the delivery of future housing. To achieve this the following issues need to be addressed to its satisfaction:-

- a. Land Assembly is sufficiently well advanced to ensure deliverability of the scheme not only to the satisfaction of the LPA but ultimately the Inspector at the examination stage. By taking an active role in the delivery of the scheme, which potentially could involve the acquisition of additional property interests, the County Council can help secure full land assembly.
- b. An indicative Masterplan supported by a constraints plan needs to be prepared to provide certainty as to the capacity of the site to deliver the quantum of development proposed together with supporting infrastructure. Whilst master planning work has already been progressed in order to support the HIF bid further work needs to be undertaken in collaboration with the other landowners / developers to reach a common position on which to base a Local Plan allocation. A proactive role by the County Council in this process would best secure the delivery of essential highways and community infrastructure together with the Council's wider strategic objectives.
- c. An assessment of the likely Section 106 requirements needs to be undertaken and a methodology developed ensuring that appropriate contributions are made across the whole development. Irrespective of the level of participation the County Council has in the overall delivery of the scheme, it will be involved in securing sufficient S106 developer funding to support the infrastructure arising from the development. The active involvement of the County Council in the scheme would secure greater control and certainty in the timely delivery of such infrastructure.
- d. The site delivers a development compliant with District Council policy which provides both landowners and developers with the financial returns necessary for them to progress the scheme to completion.

Issues and Options

29. The following Issues are considered as being key to the delivery of the possible SDA scheme and the objectives of the County Council if its land is to be included either in whole or in part. The level of the County Council's involvement in bringing the scheme forward will determine the level of risk faced by the Council and its ability to manage these issues.

- (i) Firstly, there is the overarching requirement that the scheme is financially viable making it commercially attractive to the market whilst being capable of funding all essential infrastructure and providing an adequate return to all landowners.
- (ii) Schemes of this size and complexity require significant "at risk" funding prior to the receipt of any returns. Clearly, in taking the scheme forward, and in identifying the level of the Council's involvement, the balance between financial return and financial risk needs careful consideration.
- (iii) Unlike other potential developers the County Council has the potential to suffer greater reputational risk. To manage this effectively the council should seek to retain the maximum level of control possible and manage risk in accordance with its corporate risk strategy.
- (iv) In promoting the development, the County Council needs to deliver on its wider strategic objectives principally the Affordable and Quality Homes and other outcomes of the Strategic Plan 2018 – 22. To be seen to be delivering on these strategic initiatives the Council needs to be in a position to influence the planning and delivery of the scheme. Further, the County Council would be in a position to engage positively with existing Communities to ensure that the areas around those villages is developed in such a way as to protect the interests and well being of existing residents as well as securing a well planned sustainable development
- (v) In addition to its other roles the County Council will, through the Section 106 process, be the major provider of the infrastructure required to support the new community. Accordingly, it is important not to lose the ability to influence its timely and effective delivery.
- (vi) The County Council's ability to access external funding streams is seen as attractive to potential partners. This scheme is one of the principal elements of the County Council's South West Leicestershire Growth Area HIF bid. To support the bid and any future infrastructure delivery it is important that the ability to directly influence the scheme is retained.

Proposed Approach

30. Developer interest in this area is such that if the proposed SDA is included within the new Blaby Local Plan, the scheme could go ahead irrespective of the County Council's involvement. However, it is considered essential that the County Council should be actively involved in the promotion of the SDA in order to best protect the Council's landowner interests and maximise both the financial and wider policy benefits that are realised through its delivery. Therefore, it is necessary for the Council to consider and formulate an agreed approach for its involvement in the scheme.
31. The County Council has an opportunity to take a lead in the delivery of the scheme and be proactive in delivering the infrastructure required to support the new community, including the sourcing of any external funding, and seeking to include arrangements for that delivery in any future collaboration agreements.
32. The extent of the County Council's involvement will, however, be dependent on the outcome of negotiations with landowners, the financial and other risks to which the County Council might be exposed and its ability to significantly improve the wider outcomes delivered by the scheme.
33. To identify the best way forward, it is proposed that the Director of Corporate Resources undertake discussions with other landowners to assess the best way to achieve delivery of the SDA, in particular the land assembly that will be required to deliver a viable scheme and ensure its inclusion within the Blaby District Local Plan.
34. As part of those discussion it is proposed that the Director of Corporate Resources consider whether or not it would be appropriate for the County Council to acquire further property interests in any land not under the control of developers but which is required to complete land assembly. This might be essential to protect the integrity of the scheme and the wider interests of the County Council. The potential need to acquire further property interests is not yet known and the financial implications have therefore not been accounted for in this report. If such purchases are considered necessary and appropriate their impact on the financial viability of the scheme will be tested and measured against existing demands on the Council's resources for other similar growth projects. Details of what is proposed will be included in the planned report to the Cabinet and the Scrutiny Commission in November.
35. In parallel with these negotiations, it is proposed that the potential options for the future delivery of this site be considered as part of the exercise approved by the Cabinet at its meeting on 25th June 2019 (Delivery of Growth Across Leicestershire), the outcome of which will be presented to Cabinet later in the year.

36. Taking account of the above, the Director of Corporate Resources, in collaboration with the Director of Environment and Transport and the Head of the Growth Unit and Major Programmes will formulate a more detailed approach for the promotion of the site and the role and level of involvement the County Council will take in the potential future delivery of the scheme, prioritising this against other planned growth projects. It is proposed that this, along with a detailed business case setting out the financial viability of the proposed way forward and the additional strategic benefits that might be delivered, be presented to the Cabinet for consideration later this year. The views of the Scrutiny Commission on the proposed way forward will be sought in advance.

Equality and Human Rights Implications

37. There are no Equality or Human Rights Implications directly arising from this report. Implications associated with the future development of the SDA, such as the making of Compulsory Purchase Orders, and applications for planning permission will be subject to Equality and Human Rights Impact Assessments (EHRIAs) as appropriate prior to decisions being made.

Risk Assessment

38. This is a large and complex project that requires upfront investment to generate future financial returns. Inevitably this brings a degree of risk. The Council is mindful of this and appropriate governance arrangements will be put in place to continually monitor the project. These will include the provision of regular reports to the Growth Delivery Board chaired by the Chief Executive and the Corporate Asset Investment Fund Advisory Board.

Environmental Impact

39. A full Environmental Impact Assessment will be required as part of the submission of any future Planning Application for the site. Further, the delivery of growth, irrespective of the preferred delivery option, will reflect the Council's position in respect of climate change.

Appendices

Appendix A – Leicestershire County Council Land Ownership Plan