



SCRUTINY COMMISSION – 6TH NOVEMBER 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

POTENTIAL STRATEGIC DEVELOPMENT AREA – M69 JUNCTION 2

Purpose of the Report

1. The purpose of this report is to advise the Scrutiny Commission of proposals to promote the development of a Strategic Development Area (SDA) adjoining M69 Junction 2 to the west of Sapcote and Stoney Stanton and enable consideration to be given as to how the County Council might be involved in the delivery of the SDA taking account of the key issues identified. An exempt report on this matter will be considered by the Cabinet at its meeting in December 2019.

Policy Framework and Previous Decisions

2. The Cabinet considered a report on the M69 Junction 2 SDA at its meeting on 13th September 2019 and resolved:-
 - a. to support the promotion of the County Council's land as part of the wider SDA;
 - b. to authorise the Director of Corporate Resources to enter into discussions with other landowners to assess the best way to achieve delivery of the SDA; and,
 - c. that the Director of Corporate Resources, in collaboration with the Director of Environment and Transport and the Chief Executive, formulates a role and approach for the County Council in the promotion and delivery of the proposed SDA.
3. The County Council Strategic Plan 2018-22 approved by 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.
4. 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 including the A46 Expressway create opportunities for major development.
5. 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.

6. At its meeting on 25th June 2019 the Cabinet authorised the exploration of options, including joint venture partnerships, for the delivery of development projects on County Council owned land.
7. The Council's Corporate Asset Investment Fund Strategy for 2019 – 2023 approved by the Cabinet in September 2019 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.
8. At its meeting on 22nd October 2019 Cabinet approved the County Council's response to Blaby District Council's emerging Local Plan Issues and Options consultation.

Background

9. The proposed SDA would be focussed on M69 Junction 2 to the west of Stoney Stanton and Sapcote in the Blaby District. It would have the potential to deliver approximately 4500 houses and a substantial area of employment workspace together with supporting infrastructure, which for a development of this scale would need to include three primary schools, a secondary school, local and neighbourhood centres plus significant highways and transport infrastructure.
10. Aware of the potential that exists to promote major development opportunities along the corridor of the proposed Trans-Midlands Trade Corridor (A46 Expressway) 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.
11. The Local Plan consultation documents indicate that strategic allocations made as part of the plan process could be brought forward in advance of the major infrastructure such as the A46 Expressway and thereby form the foundations of a future infrastructure led approach to development.
12. A strategic rail freight terminal to be served by the Leicester – Birmingham line is proposed to the west of the M69.
13. 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 potential SDA.

14. The potential SDA is one of the principal elements of the County Council's South West Leicestershire Growth Area Housing Infrastructure Fund (HIF) bid. The bid focusses on demonstrating the links to the Strategic Growth Plan and priorities identified by Midlands Connect and Midlands Engine and will help secure the infrastructure required to unlock potential housing growth at this site and Lutterworth.

Local Planning Context

15. 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. Policy has been further developed by the adoption of the Delivery Development Planning Document (DDP) in 2018 which clarifies the location and extent of the housing allocations identified within the district. The potential SDA does not have an allocation within the current Local Plan.
16. 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.
17. The District Council is currently undertaking a review of its Local Plan. The current timetable for the adoption of the Local Plan is set out in the Table below.

Call for Sites	May 2019
Issues and Options Consultation	July / August 2019
Consult on Publication Local Plan	September 2020
Submit Local Plan for Examination	March 2021
Local Plan Examination	August 2021
Adopt Local Plan	March 2022

Consultation Responses

18. The 62 hectares of the County Council's land shown coloured and edged pink on the plan has been submitted to the Call for Sites, as part of a co-ordinated response with adjoining landowners, to support the aspiration to deliver the SDA, recognising that some of the land sits in an area of separation necessary to maintain the integrity of the individual villages.
19. The Issues and Options consultation stage closed on 30th September 2019. The County Council's response, approved by the Cabinet on 22nd October 2019, is set out in Appendix B and incorporates the comments made in its role as a landowner. A summary of the relevant sections of this response are set out below:-

- a. In respect of the locational strategy and the themes identified in the consultation document the views of strategic property are aligned with the rest of the authority. In particular, there is strong support for option D in the locational strategy. However; not all development will take place on strategic sites but also within rural centres and Blaby town; and they should receive allocations in accordance with their scale and position in the settlement hierarchy in order to support the sustainability of those centres and maintain services for individual communities.
- b. In addition to supporting the general comments on the provision of affordable housing it is considered that the affordable housing requirement should be based on a robust assessment of needs and applied flexibly to take account of site specific circumstances including viability.
- c. Taking a more strategic approach as the ability exists to co-locate major employment sites with strategic housing development to maximise the potential for creating sustainable communities is supported.
- d. In addition to responding to the consultation, appropriate submissions have also been made to the Call for Sites (which is part of the Local Plan-making process) in respect of
 - Land at Sapcote and Stoney Stanton.
The County Council owns 62 hectares of land which would form part of a much larger SDA focussed on M69 J2 and situated to the west of Stoney Stanton and Sapcote. Working in collaboration with other landowners the potential exists through the delivery of new and improved infrastructure to create a new settlement of 4500 new homes together with extensive employment opportunities and all the necessary schools, shops, services, community facilities and green spaces required to support the new community. The scheme is strongly supported by the County Council as evidenced by the resolution of Cabinet on 13th September 2019 which commits the Council to taking the necessary steps to help secure the successful delivery of the site together with the supporting infrastructure. The other landowners with interests in the wider site will, through this consultation, be confirming their commitment to progressing the scheme thereby demonstrating the site's availability and deliverability.

Promotion and Delivery of the SDA

20. In order to secure the site's inclusion in the new Local Plan it will be essential to demonstrate to the Local Planning Authority and the Inspector at Examination in Public that the site provides a viable option for the delivery of future housing. To achieve this the following issues need to be satisfactorily addressed:-

- a. Land Assembly is sufficiently well advanced to ensure deliverability of the scheme.

- b. An indicative Masterplan supported by a substantial body of supporting evidence needs to be prepared to provide certainty as to the capacity of the site to deliver the quantum of development proposed and the impacts of the scheme can be mitigated.
- c. The likely Section 106 requirements are robustly assessed and a methodology developed ensuring that appropriate contributions are made across the whole development.
- 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

21. The following Issues are considered as being key to the delivery of the scheme and the objectives of the County Council. 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) The scheme is financially viable making it commercially attractive to the market, capable of funding all essential infrastructure and providing an adequate return to all landowners.
 - (ii) The scheme would require significant "at risk" funding prior to the receipt of any returns. Clearly there needs to be a positive balance between financial return and financial risk.
 - (iii) 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 and in addition to influencing the planning and delivery of a well-planned development be in a position to engage positively with local communities to best protect the interests and wellbeing of residents.
 - (v) Through the Section 106 process the County Council will 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. To support the council's HIF bid and any future infrastructure delivery it is important that the ability to directly influence the scheme is retained.

Proposed Approach

22. It is considered essential that the County Council should be actively involved in the promotion of the SDA in order to best protect its landowner interests and maximise both the financial and wider policy benefits that are realised through its delivery.
23. 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.
24. 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.
25. Cabinet at its December meeting will be asked to approve the detailed approach and business case and the allocation of resources necessary to support its delivery. The approach includes the following matters which are set in paragraphs 25 – 28 below.
26. The Cabinet will be asked to agree that the Head of Strategic Property Services undertake the further discussions and negotiations with other landowners to achieve the land assembly that will be required to deliver a viable scheme and ensure the SDA's inclusion within the Blaby District Local Plan.
27. As part of those negotiations it is proposed that the Director of Corporate Resources should progress the potential purchase of land interests not under the control of developers which are required to complete land assembly and protect the integrity of the scheme and the wider interests of the County Council.
28. 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 Cabinet at its meeting on 25th June 2019 the outcome of which will be presented to Cabinet later in the year.
29. Further, the Cabinet will be asked to authorise the Director of Corporate Resources, in collaboration with the Director of Environment and Transport and the Head of the Growth Unit and Major Programmes to progress the agreed approach for the promotion of the site and potential future delivery of the scheme, together with a planned programme for the delivery of the infrastructure required to support the new community.

Resources Implications

30. Future long-term capital receipts could accrue to the County Council from the disposal of housing and employment development land. Such receipts would be dependent on the strategy adopted for the management of the Council's assets and 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.

31. This would be a large and complex project that requires significant upfront investment in order to generate future financial returns. Inevitably this brings a degree of risk. The Council is mindful of this and will put in place appropriate governance and other mitigation to limit, as far as possible, known risks.
32. The HIF bid, if successful, could provide funding of up to £19m towards the delivery of strategic infrastructure.
33. 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, financial and Growth Unit resources in developing the proposed approach and promoting the scheme through to delivery;
 - b) Specialist property, legal and financial/tax advice procured to advise the Council and support the negotiations with landowners and developers 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 Local Plan are estimated to total a maximum of approximately £300,000.

Circulation under Local Issues Alert Procedure

34. A copy of this report has been sent to Mrs. M. Wright CC

Equality and Human Rights Implications

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

Environmental Impact

36. 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.

Background Papers

Report to the Cabinet on 13 September "Potential Strategic Development Area – M69 Junction 2"

<http://politics.leics.gov.uk/documents/s147987/Potential%20SDA%20M69%20J2.pdf>

Report to the Cabinet on 13 September 2019 “Corporate Asset Investment Fund Annual Performance Report 2018-19 and Strategy Update for 2019 to 2023”.

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5605>

Leicestershire County Council Strategic Plan 2018-22

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

Strategic Growth Plan

<http://politics.leics.gov.uk/documents/s142307/Appendix%20A%20-%20Strategic%20Growth%20Plan.pdf>

Report to the Cabinet on 24 May “Supporting Growth in Leicestershire”

<http://politics.leics.gov.uk/documents/s145945/Supporting%20Growth%20in%20Leicestershire.pdf>

Report to the Cabinet on 25 June “Delivering Growth in Leicestershire - East of Lutterworth Strategic Development Area and other Development Projects”

<http://politics.leics.gov.uk/documents/s146560/Delivery%20Growth%20in%20Leicestershire.pdf>

Report to the Cabinet on 22 October “Response to Blaby District Council's New Local Plan Issues and Options Consultation”

<http://politics.leics.gov.uk/documents/s148889/Blaby%20DC%20Local%20Plan%20Issues%20Options%20Consultation%20report%20final.pdf>

Appendices

Appendix A – Leicestershire County Council Land Ownership Plan.

Appendix B – The County Council’s Issues and Options consultation response

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