

CABINET – 7 APRIL 2009

**DRAFT PLANNING POLICY STATEMENT ON ECO-TOWNS -
FEEDBACK ON CONSULTATION ON THE COUNTY COUNCIL
RESPONSE AND PROPOSED COMMENTS ON THE
FINANCIAL VIABILITY STUDY**

REPORT OF THE CHIEF EXECUTIVE

PART A

Purpose of Report

1. The purpose of this report is to:
 - (a) inform the Cabinet of the feedback from the consultation on the County Council's response to the draft Planning Policy Statement (PPS) on eco-towns including the possible location of an eco-town at Pennbury (Stoughton) as detailed in Part B (section 1); and
 - (b) consider a response to the Financial Viability Study recently published by the Department of Communities and Local Government (DCLG) as detailed in Part B (section 2)

Recommendations

2. It is recommended that the Cabinet:
 - (a) Notes the overwhelming support of consultation respondents for the County Council's previously agreed opposition to the Pennbury eco-town proposal and agrees to submit these responses to the Government;
 - (b) Endorses the conclusion that the Financial Viability Study of Eco-Towns is flawed and that its conclusion that Pennbury is 'potentially viable' is not supported by available evidence;
 - (c) Agrees to submit the proposed response to the Financial Viability Study, as set out in paragraphs 41 to 63 of the report to the Government, with copies to the Minister for Housing and Local Government and local MPs; and

- (d) Considers the Scrutiny Review Panel's recommendation that a meeting between the County Council and the above parties be requested at an appropriate time.

Reason for Recommendations

3. To enable the County Council to respond effectively to the draft PPS on eco-towns and proposals for an eco-town at Pennbury.

Timetable for Decisions (including Scrutiny)

4. The Government had originally invited responses to its draft PPS and eco-town proposals by 6 March 2009. This was subsequently put back to 30 April 2009.
5. A public meeting was held on 2 March to discuss the County Council's response to the draft PPS. Those wanting to comment in writing were able to do so until 31 March.
6. The Scrutiny Review Panel on the Proposed Development of an Eco-town for Leicestershire reconvened on 23 March to consider the Financial Viability Study (which was published on 5 March) and their comments have been incorporated into this report. A copy of the minutes from that meeting is appended to this report. To meet the DCLG deadline of 30 April, the report on the Financial Viability Study had to be considered by this Cabinet meeting. It was not possible therefore for the report to be considered also by the Scrutiny Commission, however a copy of this report has been circulated to all members as an MIS

Policy Framework and Previous Decisions

7. The Cabinet previously considered reports on the work being undertaken to respond to the shortlisting of Pennbury at its meetings on 8 April, 6 May, 6 June, 20 June, 16 December 2008 and 10 February 2009.
8. At its 8 April 2008 meeting the Cabinet resolved, inter alia, to authorise the Chief Executive to take all necessary measures to enable the County Council to respond effectively to the consultations and possible planning application in respect of the proposal. The report to that meeting identified the work required to allow the County Council and its partners to respond to the proposal.
9. On 20 June 2008 the Cabinet approved an initial response to the Government's eco-town proposals as they were then. Concerns were raised about the lack of detailed information about the proposals, the complete disregard for planning procedures and existing planning policies and real concerns about aspects of the proposals for Pennbury. Cabinet called for further more detailed information and requested that a number of studies be carried out to assess thoroughly

the eco-town proposals including those for Pennbury.

10. The Scrutiny Commission on 18 June 2008 agreed to establish a Scrutiny Review Panel on the Proposed Development of an Eco-town for Leicestershire. The Panel met on 16 occasions before reporting its findings to the Scrutiny Commission on 28 January 2009 and the Cabinet on 10 February 2009.
11. On 10 February 2009, the Cabinet endorsed the report of the Panel and the response to the draft PPS objecting strongly to the eco-town process which the Government has followed to date in that it had not adhered to the accepted plan led approach with its customary democratic and community involvement and it has not properly considered alternatives to Pennbury. The County Council also objected to the proposals for an eco-town at Pennbury in the strongest possible terms for reasons set out in full in the Cabinet report but which included particular concerns about the lack of an economic strategy and the proposal's inability to deliver the required jobs at Pennbury. Taking all factors into account its conclusion was that Pennbury should not be shortlisted as an eco-town location in the final version of the PPS.

Resource Implications

12. The Government and the Co-operative Group will fund some of the costs involved in carrying out this work. These details are currently being finalised. The Cabinet has authorised spending of up to £500,000 to be met from the general underspend in 2007/08 or reserves. The Director of Corporate Resources has been consulted on this report.

Circulation under the Local Issues Alert Procedure

A copy of the report has been circulated to all members of the County Council under the Members' Information Service.

Officers to Contact:

Andy Robinson, Assistant Chief Executive
arobinson@leics.gov.uk
Tel: 0116 3057017

Tom Purnell, Group Manager (Policy, Performance and Research)
tpurnell@leics.gov.uk
Tel: 0116 3057019

PART B – SECTION 1

FEEDBACK RECEIVED ON THE COUNTY COUNCIL'S RESPONSE TO THE PENNBURY PROPOSALS

Background

13. Some 15,600 leaflets setting out the County Council's case against Pennbury as agreed by the Cabinet on 10 February were circulated in the locality of the proposal in February. A public meeting at Gartree School was also held on 2 March which attracted some 200 attendees. A brief account of the issues raised at this meeting is attached to this report as Appendix 1. Feedback on this consultation has provided the County Council with much more information; not just about what local people think of the proposal, but also about who they are and where they live.

Consultation Feedback

14. The responses received are summarised in the table below.

Numbers

	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	TOTAL
WEB	67	1	1	1	2	72
PAPER	813	15	1	2	13	844
TOTAL	880	16	2	3	15	916

Percentages

	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	TOTAL
WEB	93.1%	1.4%	1.4%	1.4%	2.8%	100.0%
PAPER	96.3%	1.8%	0.1%	0.2%	1.5%	100.0%
TOTAL	96.1%	1.7%	0.2%	0.3%	1.6%	100.0%

15. 916 responses had been received as of 24 March. 896 (94.5%) of the responses received support "very strongly" or "strongly" the County

Council's position. A small number of respondents who ticked the "disagree" or strongly disagree" box, go on to comment that they are opposed to Pennbury for a variety of reasons – they have clearly misunderstood the question and are actually expressing disagreement or strong disagreement with the Pennbury proposals rather than the County Council's stance. Reassigning these leaves just 18 respondents disagreeing or strongly disagreeing with the County Council's position, of whom 10 give reasons for their stance.

16. 54% of the responses were from Males and 40% from Females with a small number being submitted by couples. In terms of the age range of respondents, the breakdown was as follows:

Age	Under 18	18-29	30-44	45-59	60-74	75 or over
Percentage	1%	2%	12%	25%	36%	24%

17% of respondents had a long-standing illness or disability.

In terms of ethnicity, the breakdown was as follows:

Ethnic Group	
White	91%
Mixed	2%
Asian or Asian British	3%
Black or Black British	<1%
Other	<1%
Unknown or not specified	5%

As for tenure the picture was as follows:

Tenure	
Owned outright	71%
Buying on Mortgage	22%
Rent from Council	<1%
Rent from RSL	1%
Rent privately	2%
Other	1%
Unknown or unspecified	4%

17. A map showing the distribution of respondents based on their post codes is attached to this report as Appendix 2. It shows that the main focus of objectors geographically are centred in and around the villages directly affected by the proposal.
18. A key observation about the overall response is that it represents a very carefully considered reaction on behalf of Leicestershire people. Nearly every respondent was moved to provide a commentary, drawing out his or her own individual concerns. A second notable feature was

the overwhelming sense of gratitude displayed towards the County Council in adopting such a clear and unequivocal stance. In some cases respondents said they were both proud of, and impressed with, their Council for the way it had gone about collecting evidence and weighing it dispassionately before coming to a decision. There was an often expressed feeling that the Council's case was both strong and persuasive. Some contrasted this with the approach taken by Leicester City Council. The Co-op's failure to provide adequate and timely information and its refusal to appear in public to defend its proposals was also remarked upon.

19. The objections to the original proposal were restated from the previous round of consultations last summer. Indeed the passage of time and the more detailed information available seem to have resulted in a general hardening of opinion against Pennbury. It should be noted however that many of the responses considered here were all-received prior to the latest release of promotional material from the Co-op which appeared on its website on 10 March. The key themes and issues emphasised by respondents were:

- a) The Macro Economic
Objections to the practicality and viability of delivering physical growth on this scale and in this manner at a time of global economic difficulties have strengthened since the original round of consultations in summer of 2008. The credit crunch has led to recession and the fear that worse economic conditions may follow. Against this background many see the eco town potential as a "White Elephant".
- b) Sustainability
The lack of consistency by the government in applying sustainability criteria to the various Eco Town proposals through the Sustainability Appraisal by Scott Wilson, was a source of anger and dismay to some objectors. There was some doubt expressed about how "green" any eventual development would be if the unprecedented levels of car parking restraint proved to be unpopular with prospective residents or employers. Some felt the Co-op lacked the resolve and the Local Planning Authority the powers to hold out for exceptional environmental standards in the face of market pressures.
- c) Planning Policy
Objectors felt very clearly that the proposal ran counter to existing planning policy and many raised concerns about the damage that the Eco-town concept was doing to principles of sound planning and democratic accountability. They felt deeply suspicious that long standing due process in relation to making planning decisions was being circumvented and decisions were being taken at a central government level on what is essentially a sub regional planning matter. Others were uneasy that the Eco

Town question could be considered sufficiently in the forthcoming partial review of the Regional Plan. Others felt that the site was predominantly greenfield with a comparatively small brownfield element – at odds with a major plank of national planning policy.

d) Transparency, Probity and Credibility

A recurring allegation was what many saw as insurmountable conflicts of interest caused by the relationship between the Co-operative Group and the Labour Party both in terms of sponsorship of MPs and more directly through donations and levels of indebtedness. They raised further concerns about the role of government as planning arbiter and the government's interest as de facto land owners (in the guise of the Homes and Communities Agency (HCA)).

e) Transport Issues

On transport there was a frank disbelief that a new settlement of this size could be contemplated in the absence of any significant infrastructure improvements. The transport solutions offered were either untested (as in the case of parking restraint), unworkable (as in the case for the requirements of the high quality bus based system), or undeliverable (as in the case of the tram). The consequences would undoubtedly result in increased levels of congestion and environmental damage on a scale which could seriously threaten the functionality of this part of south east Leicester.

f) Environmental Issues

The issue of the loss of large tracts of high quality agricultural land remains a widespread concern. At a time of climate change and international uncertainty, food supply is likely to become a much more important issue in the future and as such its loss should be resisted. This is the only issue on which public consultation responses diverge substantially from the findings of the Scrutiny Review Panel. The Panel was not of the view that the loss of agricultural land was a major concern; but there was considerable concern expressed on this issue by consultation respondents. Some felt that the density of development was much too high, inevitably leading to a loss of the peace and tranquillity associated with rural life. Surface water run off into the River Sence remained a huge concern and there was some surprise that more work had not been done in relation to flood risk alleviation. Many felt that the level of congestion, pollution and disturbance during construction would be simply intolerable, producing a burden on the area for a generation.

g) Housing Issues

Many pointed to greatly increased levels of unsold homes in new developments in Leicester, Scraptoft and Kibworth along

with other as yet unimplemented housing developments with planning permission as evidence of lack of demand. Now that a little more is known about the mix of housing there was scepticism that Pennbury would attract residents with the necessary skills to fill the targeted jobs, with inevitable consequences for additional commuting. The provision of a part of the affordable housing element within Leicester city was questioned.

h) Employment Issues

All the key concerns from the previous consultation resurfaced. Again there were doubts, given the historically low levels of unemployment, about just where new residents would find work. There was also strong doubt about the ability of the Eco-town to attract inward investment, both because of its inherent disadvantage in transport linkage terms, but also because of the apparent lack of any real locational advantages. Without the necessary skilled labour, or synergies with existing businesses, or raw materials, or fiscal incentives respondents questioned just who in the business world would be prepared to set up in Pennbury - making the 60% job containment level set by the Coop unrealistic and unachievable. Again the untested levels of parking restraint were seen as a major inhibiting factor, at odds with recent design trends and likely to result in a chaotic scramble for the places available, thus threatening the Eco Town concept and leading inevitably to increased levels of commuting.

i) Resources

In general local community services in relation to, education, health, burial, and culture are seen as overstretched. People had little confidence that extra provision could be made in a timely way, or that it could be achieved without a significant additional tariff on existing Council Tax payers. Waste treatment (especially sewage disposal) and water supply were also raised as potential constraints on development of the scale proposed. The capacity of the River Sence to achieve the required level of dilution was a concern. There were also concerns about the energy requirements of the new town even if constructed to high efficiency standards and the impact of Wind turbines on the landscape.

j) Regeneration Impact

Although this was still an issue for many, a significant number now thought that the credibility of the employment on offer at Pennbury was so tenuous that it posed a much reduced level of threat to the City's regeneration aspirations. However the proposal would still threaten the success of Ashton Green, which as an exemplar scheme in terms of sustainable development would be in direct competition with Pennbury.

- k) Carbon Neutrality and Climate Change
Insufficient detail in the scheme still prevented serious attempts to judge these key determinants of Eco-town success. But respondents remain angry at the projected level of car ownership and felt that Co op claims of restricting use and channelling people into public transport were unworkable. There was also some support for the view that a much more effective and efficient way of addressing the question of carbon neutrality would be for the government to invest much more in innovations to improve the existing housing stock, either through revisions to building regulation or subsidised home energy care.
- l) The Case for Pennbury
Of the 10 respondents who spoke in favour of Pennbury one is conditional on a provision of a rail station within the settlement. The others cited the need for additional housing, the number of construction jobs created and the preference for this location as opposed to North West Leicestershire as key reasons to support Pennbury.

PART B – SECTION 2

FINANCIAL VIABILITY STUDY OF THE ECO-TOWNS PROGRAMME

Background

20. The Department of Communities and Local Government (DCLG) commissioned PricewaterhouseCoopers (PwC) to carry out a Financial Viability Study of the eco-towns programme. A number of other consultants assisted PwC in work costing in excess of £750,000. The Study was published on 5 March 2009. DCLG have invited comments on the document with the deadline for submission being 30 April 2009.

Study Overview

21. The Study is based on information provided by the scheme promoters. Some of this has been classed by the promoters as “commercially confidential” and has therefore been excluded from the document. Conclusions are therefore based in part on additional or more detailed information than is presented in the document. PwC together with a number of other consultants have reviewed the submissions from a development, technical and financial perspective.
22. The assessment of whether a scheme is “potentially viable” includes consideration of whether the scheme has reasonable potential to deliver, albeit with a range of risks and uncertainties, the higher sustainability standards expected of an eco-town without requiring significant additional public subsidy. This means that the scheme proposed has the potential to generate sufficient revenue over the development lifecycle to cover the costs associated with its delivery, including those costs related to delivering the higher environmental standards required for eco-towns, without needing to rely on public funds beyond those that would normally be available to support the proposed development. Given the complexity of schemes and uncertainties, DCLG state that the conclusions can only be seen as being indicative.
23. Those elements of a scheme which could be delivered via a Section 106 Agreement have been included in the Study in draft form. DCLG stress that this inclusion is not intended to pre-empt the normal development control processes. However, the Section 106 requirements feed into the overall Financial Study and help to indicate if schemes have the potential to be viable and deliverable.

Technical Provision for Site Issues and Infrastructure

24. The schemes have also been reviewed to assess their provision for site development issues and the provision of infrastructure including

transport, utilities, drainage, flood risk and other environmental issues. The purpose of the exercise is (a) to check that material costs have been included for the purposes of the viability assessment and (b) to indicate the potential technical deliverability of the scheme proposals and areas where further work would likely be needed for the scheme to meet the eco-town planning requirements. Where gaps in infrastructure provision or site issues were identified the potential impact on scheme costs was considered and an estimate made of the potential cost implications.

Ability to meet Draft PPS Standards

25. Each scheme have been reviewed in terms of whether it has made provision to meet the draft PPS standards while also taking into account the potential to address, through appropriate mitigation, those issues identified in the Sustainability Appraisal and Habitats Regulations Assessment published in November 2008, as both of these are likely to have a significant bearing on scheme costs. The purpose of the exercise is to check that key infrastructure and related cost estimates have been identified and included for the purposes of the overall viability assessment, while also indicating the potential of the scheme to achieve the standard set out in the draft PPS.

Outline Financial Assessment

26. A high-level assessment of the potential viability of each scheme has been made. Assumptions made by promoters have been tested against industry standards and benchmark data. Where gaps or differences in assumptions have been found, an attempt has been made to quantify the potential financial implications of these gaps.
27. In carrying out the assessment, a number of assumptions relating to house price values, build costs and inflation rates over the assessment period have been used. The Study states that due to the current unprecedented turmoil in the housing market, predicting future values and house price inflation as well as build costs is extremely problematic. In particular it is difficult to predict when the markets will recover and how quickly prices and development margins will rise again to those seen in recent years. The Study states that PwC have used market assumptions in the Base Case that could be viewed as optimistic, in that the assessment has assumed a relatively strong recovery in house prices to (pre-2007 levels) by 2011. This optimism has been tempered by the use of a low 2.5 per cent per annum average long-term real estate price inflation assumption, the same value as the assumption for general inflation allowing no real growth in property values over the assessment period. In addition the assessment also assumes inflation of 2.5 per cent per average annum on build costs whilst recognising that the likelihood is that costs would fall in relation to lower house prices and demand if the market does not recover. PwC emphasise that should house prices and housing

demand not recover in the medium to long-term then this would have a significant negative impact on the viability of eco-town proposals.

28. The results of the outline financial assessment are presented in 2008 prices on an undiscounted and a discounted basis. This is the sum over a 30 year planning horizon of the potential net surplus cash flows (before tax) that arise in each year after deducting the projected flow of costs (including allowances for Section 106 obligations, financing and profit) from the projected flow of revenues based on the assumptions applicable for that year.
29. The conclusions from the assessments could be one of the following:
 - That the proposal in its current form has the potential to generate sufficient value to cover the costs of delivering the scheme without recourse to public subsidy over and above existing funding such as social housing grant;
 - The proposal can generate sufficient value to cover the majority of costs of delivering the scheme but some public subsidy may be required;
 - The proposal can only generate sufficient value to cover some of the costs of delivering the scheme which is likely to need some form of public subsidy.
30. The Study acknowledges that there is a large degree of uncertainty involved in the assessments. The many uncertainties include local market conditions, national market conditions, cost inflation, uncertainty over the timing and cost of infrastructure and the deliverability and viability of some of the proposed revenue generating “eco-infrastructure”.
31. The Study also sets out a number of key common assumptions including inflation at 2.5%, house price and cost inflation of 2.5 %, that revenue generating eco-facilities (such as power generation) would be at no-cost to the scheme, a developer profit of 20% and that the actual cost of land to the promoters is ignored. Appendix 3 sets out further key issues, assumptions and limitations. This includes the following statement:

“Assessments in periods of high volatility. The impact of the ongoing severe squeeze in the availability of credit and current highly volatile market conditions make any assessment of the future highly unreliable. It is not possible to predict with any certainty when the current adverse market conditions will improve; when land and property values and house prices will hit bottom, or what the speed will be of the recovery and any

norms in future market conditions. As a result any assumptions used around absorption rates on house sales and sales pricing or in relation to financing and financing costs either made by the promoters or made in the assessment process are highly likely to be unreliable in the short to medium term and are not to be considered predictions of what actual market performance will be if and when these schemes are brought to the market.”

32. Assumptions have also been made that “*title for each scheme is good and marketable and free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings unless otherwise stated.*” Also that “*there are no services on, or crossing any of the sites in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of each proper*”.

The Assessment for Pennbury

33. The financial assessment indicates that the promoter’s proposals have the potential to generate a small financial buffer against adverse movements in the assumptions. This assumes the building of 775 residential units per annum including 30% affordable units for 20 years. The potential cost assumptions are shown in the table below:

Base Case Range of Potential Cost Assumptions over 30 Year Planning Period (£m 2008 prices, rounded to nearest £10m) – Table 3.4.3.2 from the Study

Cost category	Low	High
Predevelopment	20	30
Onsite Build costs ²	1,820	2,070
Utilities (on and off site) ³	180	280
<i>less cost assumed to be incurred by 3rd parties</i>	(40)	(70)
Transport	100	120
Eco-features	50	70
<i>less cost assumed to be incurred by 3rd parties</i>	(30)	(50)
S106 elements ⁴	100	120
Landscaping & public realm	40	50
Offsite Transport (hard costs) ⁵	40	50
Other including fee, sales, marketing, land cost ⁶ ,		
Finance costs & assumed development profit etc.	350	480
Total over the 30 year planning horizon	2,630	3,130

Source: the Department’s Advisers.

Excludes: Taxation and operating costs, other than those identified as transport subsidies.

Notes:

1 The range of Low to High is not expected to include 100 per cent of all potential outcomes. At this stage we consider it reasonable to assume that this range could include the central 50 per cent of potential outcomes of costs based on the underlying assumptions used in preparing these indicative estimates, should any of these underlying assumptions change then the values in these ranges would change.

2 House building costs based on achieving CSH level 4 standards, the other costs of achieving the higher standards required by the PPS are included within other cost headings.

3 Utilities and eco-facilities costs are expressed as capital expenditure; potential “contributions” from third parties in return for the developer installing key elements of the utilities infrastructure or in making the investment themselves are separately identified.

4 s106 “cash” contributions are those costs identified in Appendix C not already included within the costs above. The values shown here are only on element of the s106 contribution that the developer would be providing as part of this scheme. The other costs in this table include costs that would not be incurred but for the s106 obligations, including amongst other things the cost of providing affordable housing, public open spaces, playing fields, etc. the Department recognises that s106 agreements will have costs for the promoter which are not represented by cash payments to third parties.

5 The Off-site Transport Costs include allowances where the Scheme would in practice be required to make a contribution towards the specific investment (e.g. contributions towards a Road, Motorway or Railway improvements).

6 Land cost has been assessed based on comparable data for land in the current use of the site selected by the promoter.

34. The Study states that the assessment has not identified any major risks in the costs proposed by the promoter, although it does highlight some areas where the promoter’s costs fall outside the ranges which the Department’s advisers would expect to see based on benchmarking and historical data. This includes the building costs for Code for Sustainable Homes CSH level 4 housing being higher than the norm and on-site utilities distribution costs being below the estimated range.
35. The conclusions state that the “financial assessment indicates therefore that the development proposal has the potential to generate sufficient value to cover the direct and indirect costs of delivering the scheme without recourse to public subsidy. The proposal has potential to generate a surplus (contingency) over and above the estimated direct and indirect costs of delivering the scheme. We would expect that the promoter would seek to address and resolve, if possible, the issues and uncertainties identified in this report as part of the preparations for an Outline Planning Application.”

Engagement with Key Stakeholders

36. Three meetings were held with the promoters to discuss the Financial Viability Study. The team of consultants carrying out the Study led by PwC but also including DTZ, Buro Happold, Davis Langdon, DentonWildeSapte and ATLAS all met with the promoters. Three meetings were also held with the local authorities to discuss the Study and particularly possible Section 106 obligations. DentonWildeSapte attended all three of these meetings and ATLAS attended two of them. PwC attended none of them – nor did any of the other consultants.
37. In a letter of 3 December 2009, DCLG stated – “Alongside this financial assessment work, ATLAS who have been part of the assessment team and have compiled a summary of local delivery challenges and capacity issues, have developed a “Statement of Intent” guidance note, which will be put to promoters as a mechanism, to seek clarification of

their detailed proposals and commitment going forward, if the relevant location was included in the final PPS....” In essence therefore ATLAS has been advising on the deliverability of schemes and the capacity of the local authorities to assist with delivery. It had been expected that the work of ATLAS and the “Statement of Intent” would have been published alongside the Financial Viability Study but at a meeting on 24 March DCLG explained that they now took the view that ATLAS are not an independent agency and would not therefore be giving any advice on individual schemes. They will provide some generic advice on deliverability and will work with individual authorities if asked to but will not be involved in the eco-town decision making process. Work on the Statement of Intent has been shelved - DCLG have now stated that it “is not relevant at this stage” and would be picked up later for any shortlisted schemes.

Possible Section 106 Obligations

38. Appendix C of the Study sets out draft Heads of Terms for Section 106 obligations. Some items are specified including 7 primary schools, 2 secondary schools, a number of parks, sports pitches, a swimming pool, indoor sports facilities, tennis courts, bowling greens, playing fields, provision for public transport including a “dedicated bus rapid transport route” to the City Centre and provision for cyclists and pedestrians. Some detail is provided for “off-site highways” - primary and secondary road works; junction improvements and 30 extra bus lay-bys on the A6; links from the eco-town to the A6 and A47; 120 pedestrian priority crossings (primary roadworks), 320 extra pedestrian priority crossings (secondary roadworks); Park & Ride facilities for 1000 cars; improvements to Leicester City Railway Station; new terminal at Leicester City Centre Humberstone Gate interchange; 5 bus network stops outside of the eco-town. Other items include a Combined Heat and Power Plant, up to 12 wind turbines, anaerobic digester, 50,000 sq m of retail floor space, local centres and a library. Very little information is given about any of the other obligations with many to be the subject of further work and discussion. No financial figures at all are included in the Appendix.

Questions posed in the Study

39. Comments are invited on the information presented, in particular on the following questions:
- Do you consider that as a high level strategic assessment this study has identified the main issues affecting viability?
 - Are there major areas of cost or infrastructure provision and funding or other issues affecting financial viability which are not identified and could be considered at this stage?

- Are you aware of evidence which would lead you to different conclusions to those set out here? For example, where the assessment shows a negative financial outcome are there additional public policy reasons (e.g. regeneration or site restoration) which would justify an alternative approach?

Review of the Financial Viability Study by Halcrow

40. The brief originally given to Halcrow included a review of the Financial Viability Study. Given that they were only able to start on this work from the middle of March, their final report on the review was not prepared in time for the Scrutiny Review Panel's meeting on 23 March and the Panel were informed of this. The Halcrow Report will be the subject of a supplementary report to this meeting of the Cabinet.

Proposed Response of Leicestershire County Council

41. The following comments relate in part to all of the questions posed in the Study. They incorporate the views expressed by the Scrutiny Review Panel at its meeting on 23 March. A copy of the minutes of the panel's meeting are attached as Appendix 4.

Lack of Detail including Financial Figures

42. By adopting a common methodology and common assumptions, the Study attempted to ensure fairness in comparing different schemes across the country. However, there is a real lack of detail in the Study which makes commenting particularly on individual schemes, difficult. The only financial figures given for Pennbury relate to summary costs as shown in the above table (see paragraph 32). No information is given on how these figures are made up or the details of the works to be provided. For example, reference is made to "offsite transport hard costs" but no details are given on what is included in this heading. Elsewhere in the Study there is reference to "junction improvements" but no indication is given to which junctions, how they would be improved or what the costs would be. Similarly, reference is made to park and ride facilities but no information is given on the nature of these facilities or their costs. The same comment about lack of detail applies to all the other costs included in this table. Furthermore, no information is given on expected revenues.
43. The local authorities have repeatedly asked for this financial information but it has not been provided. Unless local authorities are provided with detailed information about costs and values, it is difficult to comment on the overall conclusion that Pennbury would be viable. This makes a mockery of the notion of consultation and in the eyes of some represents a cynical approach to consultation. The eco-towns process is supposed to be based on transparency but this is not the case here. The promoters argue that some information is commercially confidential and as such should not be released to local authorities. It is

acknowledged that there may be some details which are of a sensitive nature but the bulk of the remaining information would not fall into this category. In any event, local authorities deal with commercially confidential information on a regular basis when dealing with planning matters – the eco-town process should be no different from this. It is also very worrying that the Study has been based on costs provided by just the promoters. It would have been a far more objective and thorough Study if the costs had been first discussed and agreed with the local authorities and other agencies. This lack of collaboration undermines the value and credibility of the Study.

Assumptions about the Housing and Financial Market

44. It is nevertheless possible to comment on some of the assumptions used in the Study. A particular concern relates to the assumption that the assessment has assumed a relatively strong recovery in house prices to (pre-2007 levels) by 2011. This seems heroically optimistic and not in line with the current state of the financial markets. By way of comparison, the estate agents Savills believe any recovery will not be until 2013. Roger Tym and Partners who are preparing the local Infrastructure Plan are of the view that recovery will take a lot longer. Indeed the Study itself seems to undermine its own credibility by stating “The impact of the ongoing severe squeeze in the availability of credit and current highly volatile market conditions make any assessment of the future highly unreliable. It is not possible to predict with any certainty when the current adverse market conditions will improve; when land and property values and house prices will hit bottom, or what the speed will be of the recovery and any norms in future market conditions. As a result any assumptions used around absorption rates on house sales and sales pricing or in relation to financing and financing costs either made by the promoters or made in the assessment process are highly likely to be unreliable in the short to medium term....” On this basis, the whole Study must be seen as unreliable.

Other Assumptions used in the Study

45. Other assumptions seem very unrealistic and unreasonable. For example that “title for each scheme is good and marketable and free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing unless otherwise stated.” Also that “there are no services on, or crossing any of the sites in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of each proper”. In the context of Pennbury, there are rights of way to be dealt with and it is very likely that there will be abnormal ground conditions particularly linked to the Airport and the wartime uses of the site. Pennbury is also rich in archaeological remains. All of these will affect development which will mean significant

extra costs affecting overall viability. Similarly, it is likely that improvements to the Railway Station, a new terminal at Humberstone Gate and other transport improvements will all impact on underground services with consequent additional costs.

The Phasing of Development

46. The Study assumes a phasing of 775 dwellings being built every year for 20 years. This is reduced from the original intention of building 1,000 units per annum but still in excess of what the market is likely to be able to deliver. The Scrutiny Review Panel received evidence from the local building industry which indicates quite clearly that achieving such a high construction rate will be very difficult. Such a building rate at one location would be unprecedented in Leicestershire. It would potentially require up to 10 developers but this number of developers would not be prepared from a commercial perspective to build at a single location. The prospect of selling so many houses in one location is also unlikely particularly bearing in mind the now strict lending policies of banks and building societies. Development of affordable houses if they are funded by the Homes and Communities Agency (HCA) could contribute to this building rate but would be dependent upon housing associations accessing finance themselves which at present would be difficult. The Scrutiny Review Panel noted that if the market dictated that the majority of houses built were affordable then this would not create the balanced community which eco-towns are supposed to have.

Transport

47. Paragraph 3.4.2 of the Study states that it summarises the key features and components of the promoter's proposals for Pennbury. However, it fails to list properly the range of transport measures required – for example, access roads, bus services to destinations such as Fosse Park and 'local/community' services. It is also not clear if Table 3.4.3.2 (see para 32 above) includes optimism bias i.e. its now normal to add around 40% to transport capital projects to allow for the fact that historically estimators have been optimistic in calculating scheme costs.
48. The make-up of a number of the figures in the table is also unclear. It is not apparent what the £100m to £120m 'transport' element includes or that the figure is realistic. Some basic calculations indicate that the links to the A6 and A47 could perhaps cost around £8m to £18m (in total). £100m (i.e. £120m - £18m) would probably be enough to build around 120km of 5.5m wide carriageway with two footways. No information is given about the length of the road network for Pennbury but by way of comparison Hinckley has 158km of roads (around 16,000 dwellings) and Coalville 119km (around 13,000 dwellings). Given that this £120m budget would also have to fund car parks, the transport hub, pedestrian and cycle ways, public transport initiatives etc., there

must be very serious doubts that this £120million figure is either adequate or believable.

49. The £40m to £50million figure for “off-site transport (hard costs)” also lacks clarity. At today's prices, the Glenfield Park and Ride site plus associated corridor improvements is likely to cost in the order of £18m and little or no third party land is required for off site works. The park and ride site for Pennbury located on the A6 will require the acquisition of third party land and has a longer corridor route and would therefore cost in excess of £18 million. Add to this the costs of junction improvements (unspecified but needed), cycle ways into the City Centre, improvements to the Railway Station, a new terminal at Humberstone Gate, bus lay-bys, pedestrian crossing facilities, compensation payable to those adversely affected by improvements etc and the costs are likely to be well in excess of the £40 to 50 million figure quoted here. Furthermore, the County Council believes that bus priority measures will be needed to support bus service improvements to Fosse Park and other locations around the City including local bus services. There will also be a need for mitigation measures to deal with residual traffic impacts – traffic calming in nearby villages and urban areas alone could cost £2 million. There is also every indication that a Kibworth Bypass would be needed which could cost in the region of £10 million. The conclusion is that the figure of £40 to 50 million seriously underestimates the likely true costs. This would be before the costs of a tram are potentially added to the figure. Leicester City Council has recently published an Eco-town Position Statement as a Highway and Transport Authority stating that “A major development at this location will not work without a tram.” If this is the case then the cost of a tram system would according to the City Council be an additional £250 to 300 million to add to the costs. Recent experience, for example from Edinburgh, shows that tram systems invariably cost more than the original budget. The figure given above for a Pennbury tram system is therefore in reality likely to be much higher.
50. As far as the £100m to £120m Section 106 figure is concerned, it is not clear how any transport element of this could reasonably have been calculated. The County Council has done no work at this stage to suggest what types of bus, numbers and levels of service would be required to improve links to Fosse Park etc. and to provide the 'local/community' services. Neither has any agreement been reached with the Co-op about the early stages of the BRT, which will probably require subsidy in the initial stages as Pennbury grows. There is no evidence in the Study to show that the Section 106 figure will be sufficient to meet transport needs.
51. To conclude on transport, there is a real lack of clarity about the information presented in the Study but expert local knowledge would suggest that the transport costs have been seriously underestimated and that many transport requirements may well have been completely omitted.

Other Costs

52. It is not possible to decipher from Table 3.4.3.2 (see paragraph 32 above) what has been included in the various summary costs. However, work undertaken last year by the County Council (and submitted to CLG last summer) indicates that meeting the capital costs of the provision of support and community services and facilities (see Appendix 3) would be well in excess of £100 million with further very significant revenue costs. If these are included in the Table under the Section 106 elements then the figure used seriously underestimates the true figure. It should also be noted that no allowance has been made for contingencies - a serious omission in the Study. A further concern is that there seems to be no allowance made for the re-location of Leicester Airport. It is estimated that this could cost £20 million. This needs to be added to the overall costs. The re-location process would be very difficult and must therefore be considered a major risk to the overall delivery of Pennbury.

Property Considerations

53. The County Council's Property section has carried out very preliminary investigations comparing costs as set out in the Study with possible capital receipts from the sales of sites to third parties for employment, retail and housing purposes.
54. At the present time there is an exceptionally poor market and demand for all of the above purposes. The proposed high density, additional construction requirements associated with an eco development, poor access and traffic issues will all have a significant impact on the sale prices for both the land and the finished buildings. There is no evidence of major land sales taking place over the last 12 months, and although there is no proof of it, there is a strong belief that land prices may have halved. It could be many years before we see a return to an active, profitable market and we have no idea when this might be. Certain experts are suggesting that house prices may face a further significant fall.
55. The estimated receipts from the projected houses based on current information and taking into account the costs of development, show that Pennbury would not be a profitable/financially feasible option for house builders/developers. Development may only be possible if builders paid a purely nominal value for the housing land – a situation which would not be acceptable to the promoters. It is also very debateable whether any developer would be prepared to take the significant risk such a scheme presents. Funding would be another problem. Even if developers could see a profit in the scheme, they would experience major difficulties securing funding. Added to this is the possibility/probability that the development costs outlined in the Study are understated and as a result schemes becomes even more unfeasible with costs further outweighing potential receipts (developer

in this context means a company purchasing land from the promoter, constructing and selling on the finished properties). A further concern is that the Study makes no allowance for possible compulsory purchase orders which are almost inevitably needed with any major development scheme. The costs of compulsory purchase and the compensation payable can be considerable and should be included in the Study. There is also no mention of the possibility of having to deal with ransom strips and the huge costs associated with them.

56. In summary, the property information provided by the Co-op/HCA does not provide sufficient evidence to justify the conclusion that the scheme is “potentially viable”.

The Provision of Affordable Housing

57. The Study refers to the fact that 30% of the houses at Pennbury will be affordable. It seems to suggest that the affordable housing will be provided by registered social landlords (RSLs). How this would be done is not clear but normally the expectation would be that some of the affordable housing would be provided via the planning system – in other words that it would be funded in total or at least in part by the promoter/developer. It may be that the Homes and Communities Agency (the HCA which now includes the Housing Corporation which has responsibility for funding RSLs) will make additional funding available for Pennbury. It should be noted that the HCA is also the co-promoter of Pennbury with the Co-op. Clarity is therefore needed on how the affordable housing will be funded. If it is to be partly funded by the promoter then these costs need to be added into the overall development costs. It is not clear if this has been done. In addition, the Co-op has indicated that some of the affordable housing will be provided in the City – the funding arrangements for this need to be clarified. If to meet the Government’s eco-town standards, 30% of the houses at Pennbury should be affordable then any affordable houses provided in the City could be seen as being additional to the 30%. The extra costs of this would need to be included in the Financial Viability Study.

Ongoing Revenue Costs

58. Pennbury will have very large ongoing revenue costs in respect of maintenance and management for open space, highways, community facilities etc. Some of these matters will be dealt with by the “Community Company” but some will come forward potentially as costs to the local authorities. There is a particular problem about funding for services which are just being established and are not viable during the set up stages. No details are given about how any of these matters will be handled or how they have been dealt with in the Financial Viability Study. This is a major omission from the Study.

Draft Heads of Terms for a Section 106 Agreement

59. The draft Heads of Terms for Section 106 obligations seems to be fairly comprehensive in terms of the range of items covered but very lacking in terms of how these items would be dealt with. There is a long list of plans, studies and strategies to be prepared but no indication of costs. Schools and public realm facilities are itemised but not costed. No information is given on how open space would be maintained and managed. The transport proposals are specific in some respects but crucially lack detail about how they would be implemented and their costs. For example, it states that a dedicated bus rapid transport route would be provided into the City Centre but does not explain how this can be delivered – the Scrutiny Review Panel’s evidence indicates that it cannot be delivered. No details are given about water supply, sewerage or drainage or their costs. Waste management has aspirational targets, a proposed anaerobic facility and possibly a materials recycling facility but this is subject to further work to see if it would be financially viable. Emergency services (fire, police and ambulance) are dealt with simply with the word “contribution”. Social Services/health facilities are to be the subject of discussion with local health providers. No information is given on how the employment sites which are essential if Pennbury is to become a self contained community will be delivered. The Section 106 requirements form a very significant part of the overall financial assessment and yet it is impossible to identify what exactly would be provided or how much it would cost. It is also impossible to decipher what would be provided directly by the promoter and what would be a financial contribution.

Ability to meet Draft PPS Standards

60. The Study states that part of its remit is to assess the extent to which a scheme meets the standards set out in the draft PPS. The results of this assessment do not seem to be included in any detail in the Study representing a significant omission from the report.

The Role of the Consultants ATLAS

61. The role played by ATLAS has been a cause for concern. ATLAS are consultants supported by the Government and based within the HCA (which also includes what was formerly English Partnerships). It is at best strange and at worst a totally inappropriate conflict of interests for a Government supported consultancy to be assessing a Government initiated project which will ultimately be determined by the Government. It is further complicated by the fact that HCA are joint promoters of Pennbury with the Co-op. CLG have repeatedly been asked whether the ATLAS work was commissioned by CLG or by the HCA. They have to date not answered this question. The DCLG statement on 24 March that ATLAS will now play no part in the eco-town decision making process is therefore to be welcomed as is their decision to shelve the

ATLAS work on the “Statement of Intent”. It does, however, beg the question as to why ATLAS has been involved at all in the process.

Meetings with the Local Authorities

62. The Panel believe that it is disgraceful that PwC and many of the other consultants did not attend any of the meetings with the local authorities. It would have been very helpful for them to have heard directly from those organisations most knowledgeable about the area. CLG have been asked why PwC did not meet with the local authorities but no satisfactory answer has been given.

Conclusions

63. In conclusion, the Financial Viability Study lacks detail and transparency, makes unrealistic assumptions, excludes key costs, underestimates important costs and gives no information on predicted revenue. There is therefore insufficient evidence presented in the Study to come to the conclusion that Pennbury is “potentially viable”. Indeed, the evidence which the County Council has leads to the conclusion that Pennbury would not be “potentially viable” without substantial Government subsidy.

Equal Opportunities Implications

These will be assessed through the Equalities Impact Assessment (EIA).

Background Papers

Reports to the Cabinet on 8 April, 6 May, 6 June, 20 June and 16 December 2008 and 10 February 2009 on ‘Eco-Towns – Shortlisting of Pennbury (Stoughton)’.

Leader’s Position Statement to the County Council – 21 May 2008.

Appendices

Appendix 1 – Notes of Public Meeting held on 2 March 2009

Appendix 2 – Map showing where respondents to the County Council’s consultation exercise on Pennbury live

Appendix 3 – Support and Community services and Facilities for Pennbury

Appendix 4 – Minutes of the meeting of the Scrutiny Review Panel held on 23 March 2009

NOTE OF A PUBLIC MEETING HELD BY LEICESTERSHIRE COUNTY COUNCIL ON 2 MARCH 2009 AT GARTREE SCHOOL IN OADBY TO DISCUSS THE COUNTY COUNCIL'S RESPONSE TO THE PENNBURY PROPOSALS

Chairing the meeting – David Parsons (Leader of the County Council)

Officers speaking on behalf of the County Council – Tom Purnell, Niles Holroyde and Ian Drummond

Speaking on behalf of CASCET – Dr Kevin Feltham (Chairman of CASCET)

Attendance – approximately 200 people

David Parsons opened the meeting outlining the work undertaken by the County Council and summarising the main objections. He stressed that the meeting provided an opportunity for people to comment on the County Council's position. Tom Purnell gave further background information and commented on the work of the Council's Scrutiny Review Panel. Niles Holroyde reported on the outcome of the Strategic Assessment carried out by the consultants Halcrow. Ian Drummond gave details of the transport work undertaken.

Questions and comments on the work of the County Council were then invited. Answers where required are shown in italics.

Questions/comments

- Is it possible that the Government can overrule the County Council's objections and that Pennbury could still be given approval?
Yes – the decision on eco-towns including Pennbury rests with the Secretary of State and not the County Council.
- If the current proposals are rejected, would it be possible for the Co-op to come back with a smaller scale proposal?
It would be possible for a smaller scheme to come forward but if Pennbury is not shortlisted then the chances of support for a smaller scheme are likely to be limited.
- The Sustainability Appraisal carried out by Scott Wilson was full of errors and is a flawed piece of work
The Consultants Halcrow have been very critical of the Sustainability Appraisal. The Scrutiny Review Panel had also raised a number of concerns. For example, why had alternatives to Pennbury not been considered and why had the housing need figures not been reviewed? Scott Wilson had been directed not to do so. Also, why had various assumptions made by the Co-op not been questioned?

- What is the position with the Financial Assessment being carried out by PricewaterhouseCoopers?
This is still not available.
- The Co-op had issued a critique of the Halcrow Report. What was the position with this?
The County Council had responded to this critique rebutting the comments made. This had been reported to the County Council's Cabinet on 10 February.
- Was the Co-op using PricewaterhouseCoopers in any of their work?
Not as far as the County Council is aware.
- There are real concerns that there will be massive disruption caused by the building of Pennbury with an impact on wildlife and severe environmental disturbance. Concerns also about the lack of facilities and services during the early phases of the development of Pennbury.
The County Council share these concerns. The issue of disruption will need to be carefully considered.
- There are concerns about the proposed bus routes particularly at junctions such as Knighton Grange Road/Guildford Road/London Road.
This illustrates the concerns which the County Council have that the Co-op's proposed transport strategy will not work.

The Views of CASCET

Kevin Feltham outlined the views of CASCET and the concerns which it has. CASCET supported fully the position taken by the County Council.

Further questions/comments

- The Pennbury proposals represented fairytale land. The houses were not needed, the transport plans would not work and the jobs were not needed. The costs to the local authorities of dealing with Pennbury had been tremendous and yet the Co-op had spent nothing.
- What provision was being made to meet health service needs?
It is accepted that there is currently a lack of detail on this matter.
- Can anything be done to dilute the City Council's position?
The County Council is currently working closely with the City Council on a number of matters such as the new Economic Development Company. Discussions with the City Council would continue.
- Is it true that the Government must approve 10 eco-towns?
No – the figure could be less than 10.

- There seems to be collusion between the Co-op and the Government.
- The Co-op is pursuing Pennbury because its farming business will be adversely affected by the ending of EU farming subsidies. The Co-op should concentrate on farming. "Sick and tired of being bullied by the Co-op and the Government".
- Eco-towns should be built on brown field sites and not in the country. Leicester is a third rate city. If Pennbury proceeds then the adverse consequences will mean it will be impossible in the future to attract the likes of Sir Alec Jeffreys to the area.
The land already allocated for residential development in the Regional Plan included a priority for brown field sites.

David Parsons concluded the meeting by thanking everyone for attending and reminding them to send in their comments either on the form in the leaflet or online at the County Council's website.

SUPPORT AND COMMUNITY SERVICES AND FACILITIES FOR PENNBURY

Adult Social Care(ASC) - the estimated capital and revenue costs of providing ASC in the proposed eco town would comprise a total of **£2m capital** costs to provide one field work office base (£1m) and one voluntary community sector resource base (£1m) and estimated annual **revenue costs of £5.95m** comprising Learning disabilities services £1m; Physical disability services £0.4m; Mental health services £0.15m; Older persons services £2.5m; Support for people in own homes £0.65m; Assessment & care management £0.75m; Voluntary sector services £0.1m; Support and premises costs £0.4m. The figures are based on the assumption of a population of 40,000 with a similar ASC needs profile to the existing Leicestershire population.

Children Young Peoples Service (CYPS) – the proposed eco town would require 7 primary schools and 2 secondary schools and the estimated capital cost of building the schools would be around **£90m** in total. This could vary depending on the actual housing mix of the eco town. There would also be significant revenue costs in staffing maintaining and operating the schools.

Civic Amenity Waste -The initial assessment has only considered the impact of the eco town proposal on the County Council's civic amenity sites (recycling and household waste sites). It very likely that there will be significant implications for future waste management requirements for the County Council in its role as a Waste Disposal Authority and those district council's affected by the eco town with Waste Collection Authority responsibility. The creation of an eco town with 15,000 households would place additional demands on the nearest existing civic amenity site at Oadby. An average Leicestershire household takes 0.4 tonnes of waste to LCC civic amenity sites each year. The proposed eco town has the potential to increase waste input to a civic amenity site by 6,000 tonnes per annum.

To mitigate the pressures of the eco town would require a suitable plot of land for the development of a Civic Amenity Site within the new settlement (approximately 0.6 ha) and an additional **£1 million** capital funding for the actual development costs. There would also be significant increased revenue costs in the operation of a new site.

Leicestershire County & Rutland NHS Primary Health Care Trust (PCT)

The PCT advised that the eco town proposal would have significant impacts for the health and healthcare needs of the population of the eco town and the PCT would need to undertake a full health impact assessment (HIA) of the eco town proposal co-ordinated across the health community and partners affected by the proposal.

The PCT also advises the County Council should integrate the HIA findings with the wider impact assessment. This would provide a set of evidence

based recommendations about the proposed development. An initial assessment and estimate of the costs based on the information available has been provided which shows that the annual cost of the provision of primary health care (based on April 2008 figures) would be in the region of **£21.6m** for a population of 23,000 and **£37.6m** for a population of 40,000.

The proposed eco town population of between 23,00 and 40,000 based on an average of 1800 patients per GP would require the healthcare support of between 13 and 22 GPs. Consideration would need to be given to how the health needs of the eco town would be met in terms of staffing, practice size and facilities required.

In addition the PCT would seek developer contributions towards primary health care facilities relating to the proposed eco town, and the estimated infrastructure costs per healthcare facility for a population of 23,000 with a minimum of 1500sqm would be **£2.25m** with a recurrent revenue of **£225,000** per annum and for a healthcare facility for a population of 40,000 the estimated cost of a 2,400sqm building would be **£3.6m** with a recurrent revenue of **£408,000** per annum.

Leicestershire Constabulary

An initial assessment of what could be needed is set out below. It does not, however, take account of the higher eco standards that would be required and the additional capital costs which would go with them.

- Provision of police accommodation to Leicester Local Policing Unit blueprint standard - **£1.5 million.**
- Provision of a minimum of two police cells for detainees, built to Home Office Standards - **£ 0.5 million.**
- Provision of Airwave mast or upgrade to existing communications infrastructure - further tests required - no cost available as they could vary considerably depending on coverage.
- Provision of minimum of fleet vehicles - costs to be provided at the next stage of the process.
- Provision of revenue costs for up to 40 police officers and 10 community support officers (£40k and £28k each respectively) - totalling **£1.6million and £280k per annum respectively.**
- Potential joint provision of a building with the local authority or other emergency services to be explored at the next stage of the process.

Leicestershire Fire & Rescue Service (LFRS)

A new development of the scale and size of the eco town should consider the securing of water to meet fire fighting needs. The fire and rescue service

would seek developer contributions to secure the provision of an eco fire station and fire hydrants and possibly an alternative open water supply for example lakes, rivers, balancing ponds. LFRS would request that if there is an open water source then the developers provides an open water pumping site which provides access for a fire appliance. The LFRS has also recommended that the eco town dwellings and commercial premises be provided with approved sprinkler system/s. The capital cost of the provision of the LFRS requirements is estimated as **£2.4m** excluding land and on going annual revenue/operational costs.

Library Services

The proposed eco town would have implications for library services and for a population of between 23,000 and 40,000 a new library is likely to be required and is estimated that the capital cost of the building would be **£2m** with on going revenue costs of **£350,000 per annum** at 2008 prices. In addition there should be a percentage included for public art related to the library building.