



Leicester
City Council

WARDS AFFECTED
Type in Ward : Beaumont Leys

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet

7 February 2011

ASHTON GREEN – STAGE 2

Report of Director of Planning and Economic Development

1. Purpose of Report

- 1.1 The report seeks approval for stage 2 of the Ashton Green project following outline planning approval at Planning Committee.

2. Recommendations

- 2.1 Cabinet is requested to:
- a. note the outline planning approval received at the Planning & Development Control Committee on 20 December.
 - b. approve a sum of £325,500 within the Capital Programme to support the project through the developer procurement stage to enable land disposals and a potential start on site from 2012/13 onwards.

3. Summary

- 3.1 The Ashton Green scheme was approved, subject to conditions, at the Planning and Development Control Committee on 20 December 2010.
- 3.2 The next stage of the project will involve work through the in house project team to satisfy conditions placed on the scheme, continue consultation with the local community, procure potential developers, and ultimately dispose of the first phase of the site. A potential start on site in 2012/13 is envisaged.
- 3.3 Additional resources will need to be allocated to carry the project forward including the continued in house commitment on housing, education, community, transport, property, procurement and legal. A further allocation from the Capital Programme of £325,000 is requested to fund a continuation of dedicated project management support as well as specialist legal and other professional support e.g. highways advice. External funding sources are being considered to offset this cost including New Homes Bonus and Homes and Communities Agency funding.

4. Report

Progress to date

- 4.1 Work on stage 1 of the project has progressed well to develop a masterplan and submit an outline planning application in June 2010. Planning approval was received, subject to conditions, on 20th December at the Planning & Development Control Committee. This help to provide certainty to potential developers that the site will be available for development and substantive discussions on site disposal/joint venture options are continuing.
- 4.2 There has been extensive consultation on the project since the visioning workshops of 2008/09 with various briefings with Cabinet (and Leader/Cabinet lead Members), Ward Councillors, Priority Boards, SMB, local resident groups and other stakeholders. A draft masterplan was taken through public consultation in November 2009 and the outline planning application was widely publicised in late June 2010.
- 4.3 The final version of the Ashton Green masterplan was developed to deliver 'One Leicester' aspirations and formed the basis of the outline planning application (OPA) submission with the key elements being;
- Up to 3,000 mixed tenure new homes (including 30% affordable housing and extra care housing)
 - Range of family homes with a variety of type and tenure
 - Employment land of up to 5 hectares
 - Approximately 2,000 permanent new jobs as well as construction jobs and opportunities for local labour and training etc over a 15 to 20 year period.
 - Co-located education, health and community facilities based around an 'all aged' school (420 place two form entry primary in Phase A)
 - 49 ha of open space
 - Zero carbon homes from 2016 and low carbon from 2013
 - Comprehensive and early public transport interventions (extending bus routes) and walking/cycling infrastructure.
 - Integration with adjacent communities.
 - Clear and challenging delivery aim for a 950 new homes in the first 5 years from 2012.
- 4.4 The outline planning approval is subject to a number of planning conditions/obligations that will require the early delivery of essential infrastructure to bring the first phases of development forward. These costs, unless offset by external grant funding, are likely to have a significant impact on the potential capital receipt in the early phase of development. It is critical that essential site infrastructure is provided in the first phase to get the scheme started given the prospects for the housing market for short to medium term. Furthermore, the later phases of development will not be burdened with such substantial up front infrastructure costs and will deliver significantly better longer term capital receipts.
- 4.5 The key issue that has arisen throughout the public consultation and masterplanning work since early 2009 has been transportation. These concerns have been extensively documented in the consultations reports of February and June 2010 and were submitted

and considered as part of outline planning application submission. The transport working group, comprised of officers from the City Council and the County Council, the Highways Agency, external transport consultants and advisers from the HCA have worked over the last 18 months to prepare a comprehensive transport assessment, a transport strategy and travel plan framework to address the transportation issues arising out of the development.

- 4.6 The outcome of the transport work has been the approval of the three highway authorities to a comprehensive package of transport infrastructure measures in documented 35 no planning conditions in the outline planning permission granted in December 2010. The financial cost implications of these early interventions will have a significant impact the anticipated capital receipts from land sales in the early phases of development. However, without this commitment, Ashton Green will fail to deliver sustainable transport solutions and mitigate the impact of this development on neighbouring communities.
- 4.7 There are a substantial number of conditions in the outline planning permission that will require the Council as land owner to address the other key issues that have arisen out of the public consultation work, that has both informed and influenced the masterplan and outline planning application. These include for example;
- a) site wide phasing programme (Conditions 6 and 7)
 - b) high quality design including design codes (Conditions 8 and 9)
 - c) early delivery of essential transport infrastructure; off site highway improvements, travel planning, car parking and traffic calming strategies, freight traffic movement proposals and public transport improvements (Conditions 46 to 80)
 - d) management and governance strategy (Condition 81)
 - e) carbon reduction strategy linked to the agreed energy statement (Conditions 10 and 11)
 - f) affordable housing (Conditions 12 to 15)
 - g) green infrastructure strategy and related matters (Conditions 21 to 29)
- 4.8 There is strong interest being shown in the employment land from a major local employer. Negotiations are underway and a work is being undertaken to prepare draft design proposals.

Delivery/ Developer Procurement Strategy – Stage 2

- 4.9 A Delivery Framework, April 2010 prepared in conjunction with the masterplan, sets out broad principles and processes to take forward development on the site and identifies a number of the delivery and governance mechanisms for Ashton Green. It also identifies further work is required by the Council, including ongoing market testing, consultation with the local community and discussion with potential public sector funding partners etc to take the project through to development on the ground.
- 4.10 The preferred option for delivery is likely to be a joint venture or longer term development partnership approach between the Council and other public sector partners and a developer consortium. This would require the enabling role of Council and the commitment to building a relationship with a developer consortium for an agreed period of time, such as the first 5 year phase.

- 4.11 This route would require an EU procurement process of 12 to 18 months and would effectively tie the Council into a development partnership for an agreed period of time or an agreed quantum of development. The use of the HCA's developer delivery panel may offer an opportunity to reduce the overall timescale of the procurement process and enable an earlier start on site and thus this route is being explored.
- 4.12 The ongoing 'soft market testing' of the development industry is providing an insight into the developer's response to the delivery procurement options and this will reveal clearly what mechanisms will be required to attract the right development partner(s). The initial discussions with the local development industry indicate support for the preferred delivery strategy, a keen interest in the project and the likelihood of competing bids from a number of developer consortiums.
- 4.13 Finally, there is strong interest being expressed in the employment land from a major local employer and detailed negotiations are underway. The early release of this opportunity could not only provide new jobs, but also secure an early land receipt. This could be used to reinvest to help deliver other essential site infrastructure to help kick start delivery of the proposed housing in phase 1.

Stage 2 Work programmes 2010/11

- 4.14 Stage 2 of the project will include a number of major work streams including; implementation and delivery/procurement planning, the design quality review process, the carbon reduction strategy, the transport programme, the community social infrastructure programme and work streams regarding governance, management, communication and community consultation. This new work to enable physical delivery on the ground will require a corporate commitment to ongoing resources and project support on housing, education, community, transport, procurement and legal matters. In particular it is expected that TLE will lead a project work stream that will enable the first phase of community social infrastructure based around a new primary school to be opened towards the end of the first housing phase.

Project Costs

- 4.15 The cost of key stage 1 over three financial years, to 31 March 2011, will be £1.134m with £834,000 of this sum having been secured from New Growth Point capital and revenue funding.

- 4.16 The estimated costs for stage 2 of the project are outlined in the table below.

	2011/12	2012/13	Total
Project management – project manager, admin & IT support	£65,000	£65,000	£130,000
Legal costs – developer procurement process	£30,000	£20,000	£50,000
Specialist advice e.g.	£80,000	£50,000	£130,000

highway design			
Totals	£175,000	£135,000	£310,000
	contingencies @ 5%		£15,500
			£325,500

- 4.17 In order to minimise the additional costs the project, there has to be the continued corporate support of in house resources at no extra cost to the project as outlined in 4.10 above. The costs in the table above include a small provision for specialist external advice, if required, but it is expected that Divisions will need to prioritise required resources to continue the momentum of Ashton Green towards the actual delivery of new homes and jobs.
- 4.18 A sum of £325,000 is recommended to be allocated form the Council’s Capital Programme. Possible options for securing external project funding to offset this sum are being explored including;
- a) New Homes Bonus scheme and Tax Increment Financing (TIF) both ofwhich are currently subject to Government consultation
 - b) External funding from the Homes and Communities Agency (funding details through the sub regional Local Investment Plan (LIP) are awaited)
 - c) Prudential borrowing from future anticipated capital receipts

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Financial Implications

- 5.1.1 Ashton Green is the major area of future growth for the City and has the potential to generate significant total receipts over 15 to 20 years.
- 5.1.2 Funding for project to date has been provided through the City Council’s capital programme and a combination of NGP capital and revenue funding.
- 5.1.3 The actual projects spend to date since 2007/08 is £1,029 million and the 2010/11 year end forecast is £1,134,562.
- 5.1.4 The estimated costs for stage 2 of the project for 2011/12 and 2012/13 is £325,500 as detailed in paragraph 4.13.
- 5.1.5 The preferred option for financing the £325,500 costs in 2011/12 and 2012/13 is funding from the Leicester and Leicestershire Local Investment Plan from the HCA. Although Ashton Green is a top priority for the Council for this funding stream, details have yet to be confirmed so there is a risk that this funding won’t be available. In such a case, the cost of £325,500 would have to be a call on the Council’s corporate capital programme if the Ashton Green project is to continue in its current form.

Martin Judson, Head of Finance (29 7390)

5.2 Legal Implications

- 5.2.1 When disposing of land, the Council has a duty under s123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable. A ‘disposal’ can take the form

of a freehold disposal or the grant of a lease for a term exceeding 7 years. If the Council wishes to dispose of land at less than best consideration then it requires the Secretary of State's ('SOS') consent before the disposal can proceed.

5.2.2 If land is not marketed then the Council cannot demonstrate that the price agreed represents best consideration. However, if we can demonstrate that the difference in value (if any) between what we will receive and the unrestricted value of the land is £2million or less then we may be able to utilise the provisions of the General Development Consent 2003 ('GDC') without further reference to the SOS. The GDC allows a disposal at an undervalue if the Council considers that the disposal will help it to secure the promotion or improvement of economic, social or environmental well-being of its' area eg the creation of additional jobs or assistance with delivering the objectives of the One Leicester Strategy.

5.2.3 The Council must have regard to the Disposals Framework and also must take account of the Council's general fiduciary duty to act reasonably in the interests of the electorate and consistent with effective economic and efficient discharge of the authority's functions.

Alex Snowdon, Legal Services (29 6340)

5.3 Climate Change Implications

5.3.1 Addressing the impacts and implications of Climate Change is at heart of the vision for Ashton Green as outlined in the masterplan and the commitment to delivering zero carbon homes by 2016.

Helen Lansdown, Environment Team (29 6770)

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities	Yes	Are addressed within the Sustainability Protocol (Vision and key development principles document)
Policy	Yes	Ashton Green is identified in the LDF Core Strategy
Sustainable and Environmental	Yes	Are addressed within the Sustainability Protocol
Crime and Disorder	Yes	Are addressed within the Sustainability Protocol
Human Rights Act	No	
Elderly/People on Low Income	Yes	Are addressed within the Sustainability Protocol
Corporate Parenting	No	

Health Inequalities Impact	Yes	Are addressed within the Sustainability Protocol
----------------------------	-----	--

7. Risk Assessment Matrix

Key Risks	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1. Lack of developer engagement through the procurement process.	L	M	<ul style="list-style-type: none"> ▪ Early 'soft market' testing and recent enquiries indicate good developer interest in the site. ▪ Recent evidence of house price increases suggests that housing market conditions have improved.
2. Issues of financial viability impacting on the project delivery.	H	H	<ul style="list-style-type: none"> ▪ The need for a robust prioritisation process of competing requirements from Ashton Green; capital receipts, s106 requirements has been clearly articulated. ▪ The need for external funding support has also been identified and the relevant processes are planned for.
3. Lack of project management resource impacting on delivery.	M	H	<ul style="list-style-type: none"> ▪ The need for longer term project support beyond 2010/11 has been identified in the report.

8. Background Papers - Local Government Act 1972

Cabinet Briefing 1 November 2010
 SMB 26 October 2010
 Planning for People not Cars Priority Board 22 September 2010
 Planning for People not Cars Priority Board 26 May 2010
 SMB 25 May 2010
 Reduce Carbon Footprint Priority Board 19 May 2010
 Cabinet Briefing 17 May 2010
 Reduce Carbon Footprint Priority Board 17 March 2010
 Planning for People not Cars Priority Board 24 February 2010
 SMB 8 December 2009
 Planning for People not Cars Priority Board 2 December 2009
 Cabinet Briefing 3 August 2009

Strategic Management Board 7 July 2009
Strategic Management Board 5 May 2009
Cabinet Report 5 January 2009

9. Consultations

- 9.1 A series of consultation events have been held involving the local community, ward and cabinet members, internal and external partners/stakeholders. Formal consultation was carried out as part of the planning application process.

10. Report Author

Geoff Mee
Ashton Green Project Manager
Extension: 29 7156
Email: Geoff.Mee@leicester.gov.uk

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)