

Report to Cabinet

Title:	Woodlands Update
Date:	Monday 26 June 2017
Date can be implemented:	Tuesday 4 July 2017
Author:	Cabinet Member for Resources
Contact officer:	Richard Ambrose, Director of Finance & Assets
Local members affected:	Bill Chapple, Aston Clinton & Berton
Portfolio areas affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Aylesbury Woodlands Development provides a unique opportunity to bring forward high quality commercial floor-space, creating local employment opportunities, in addition to providing the funding mechanism to underpin the costs of developing the Eastern Link Road (South). The development would provide up to 1,100 market and affordable dwellings and an additional 60 residential extra care units, together with a mixed use local centre and provision of land for a new primary school. The development represents a unique public sector planning promotion through a joint partnership between Buckinghamshire County Council (BCC) and Aylesbury Vale District Council (AVDC).

The application is due to go before AVDC planning committee on 26 July 2017.

Recommendation

Members are asked to consider the proposals and the associated risks set out in the report and give their view on a reduced education contribution to be fed back to AVDC for consideration before the planning application is determined.

A. Narrative setting out the reasons for the decision

Background

In March 2016 Buckinghamshire Advantage (BA) submitted a planning application for Aylesbury Woodlands, College Road North, Aston Clinton to deliver:

- (i) up to 1,100 market and affordable dwellings (including a proportion of custom build dwellings) and an additional 60 residential extra care units, together with a mixed use local centre and provision of land for a new primary school;
- (ii) substantial economic growth (up to 102,800sqm of employment floor-space) within the designated Arla/Woodlands Enterprise Zone (EZ);
- (iii) essential highway infrastructure as 'up-front' provision (i.e. strategic link road connecting the Eastern Link Road (North) to the A41 Aston Clinton Road) enabling a new orbital route to be created around Aylesbury (including flood mitigation measures);
- (iv) additional sports facilities to provide the platform for a Sports Village to support the growing Aylesbury community; and
- (v) green infrastructure to establish a sustainable, connected community.

The application is considered to be in line with the strategy of the emerging Vale of Aylesbury Local Plan and the objectives for the Government approved Aylesbury Garden Town initiative.

BA is now working to finalise all amendments and supplementary information to be submitted to AVDC in advance of the application going to AVDC's planning committee on 26 July 2017. This incorporates revisions to the original planning application and follows public and other statutory consultations. Since the original submission, work has focused on reaching agreement with the Environment Agency on flood matters across the site and work with BCC Development Management on highways matters including transport modelling, mitigation and design of the Eastern Link Road.

The Woodlands site is a designated Government Enterprise Zone and combined with Aylesbury's recent designation as Garden Town, the site is well placed to deliver infrastructure and growth.

The development approach

The Woodlands development is being promoted by Buckinghamshire Advantage (BA). This is a company wholly owned by Bucks Business First (representing the business community of Buckinghamshire) and the five Councils but the Woodlands development only involves BCC and AVDC. BA is the operational arm of Buckinghamshire Thames Valley Local Enterprise Partnership (BTVLEP) on the delivery of BTVLEP funded capital schemes, ensuring local growth funds are invested to maximum effect. It also promotes and delivers capital projects helping Buckinghamshire's economy develop sustainably. The woodlands development represents a unique public sector planning promotion through a joint partnership between BCC and AVDC.

Only a very small segment of the Woodlands site is owned by Aylesbury Vale Advantage Legacy Board (AVALB). AVALB is a subset of BA involving just BCC and AVDC and this scheme is ring-fenced to just these two partners. AVALB has adopted a new approach due to the deficit in land ownership and has a promotion agreement in place with the relevant landowners. The application is operating under a series of development agreements with the landowners with an obligation to act as their development promoter. Both Buckinghamshire County Council (BCC) and Aylesbury Vale District Council (AVDC) are promoting the scheme.

Key advantages

The Woodlands development represents a large, mixed use, employment and infrastructure led development. The Aylesbury Vale Advantage Legacy Board has always intended for Woodlands to be an employment led scheme and a significant portion of the site has subsequently acquired Enterprise Zone status.

The development is designed to be complementary and not competitive with other development market activity, some of which is adjacent to this site. It is a difficult site to develop because of flood issues and has no planning policy status yet. The area is not attractive to the wider market due to these constraints. However, the site is now being considered for allocation within the draft Vale of Aylesbury Local Plan and the Eastern Link Road component forms a key link road identified in the draft Aylesbury Transport Strategy.

The main benefit is the delivery of the Eastern Link Road and employment land, with compatible flood plain and open, sporting space. Housing is included to meet local need, improve the cash-flow and to pay for the primary infrastructure and flood plain issues.

The development offers the potential for exemplary and innovative approaches e.g. custom build, heat transfer systems, business incubation, in addition to a Joint infrastructure delivery plan with neighbouring developers at Hampden Fields with appropriate cost sharing provisions to mitigate transport impacts.

Viability and policy compliance

The viability of Woodlands remains a significant challenge because of the site constraints – development within the floodplain and the need to provide expensive infrastructure up front to unlock the site (Eastern Link Road South) – and also due to its land use comprising significant commercial/ employment provision (102,800 sqm) and smaller housing component (1,100 units) than traditional urban extension developments.

A viability appraisal was undertaken by Savills in February 2017 on behalf of AVALB and subsequently reviewed by the District Valuation Service (DVS) to agree baseline assumptions. In order to be policy compliant the scheme would require delivery of the following planning obligations:

- 30% affordable housing (made up of 70% affordable rent and 30% intermediate e.g. shared ownership);
- Financial contributions covering Education, Highways infrastructure, Open spaces and other infrastructure;
- Provision of the Eastern Link Road (South) at an estimated cost of £28m; and
- considerable flood mitigation and drainage measures .

Initial scenario testing of the viability appraisal submitted by the developer shows a funding shortfall. To ensure, the scheme can be delivered viably and in order to mitigate the funding shortfall, the developer is proposing that the planning obligations be prioritised and has put forward the following measures to address the shortfall:

- A reduction in the Education Contributions payable to BCC as Education Authority.
- A reduction in the Affordable Housing 30% policy requirement and 70% rent / 30% shared ownership split.
- A phasing of the acquisition of the various land interests in the application site to reflect the phasing of the development. This would remove the need to acquire all of the land interests from the start and provide the cash-flow and financing benefits necessary to deliver the scheme although this would mean that the developer would not gain control of all the land interests from the outset.

The approach proposed by the developer requires that a balancing exercise be carried out as to whether the **'benefits of the scheme outweighs the dis-benefits'**. In respect of this

development, there are clear transport benefits around the delivery of the Eastern Link Road (South) and the employment floor space to be provided.

Members should note that a similar approach to what is being proposed by the developer for the Aylesbury Woodlands development was agreed on the Kingsbrook Development.

Options to mitigate any shortfall in Education Contributions

It is a statutory responsibility of BCC to ensure that there are sufficient school places and so any shortfall in Education Contributions will require mitigations to be found. Various options are currently being considered in order to mitigate this potential shortfall. These include:

- A review mechanism to revisit the viability of the scheme as it progresses (as agreed for the Kingsbrook development). This could allow the s106 contribution to increase should land values rise;
- Pursuing cost effective approaches to drive down expected costs (e.g. effective procurement, value engineering etc.);
- Investigate potential opportunities to secure additional third party funding (e.g. through the Garden Town initiative);
- Seek approval from the BTVLEP / EZ Board to use some of the retained business rates from the Enterprise Zone;
- Creation of a new Free School via a suitable sponsor;
- Use s106 contributions from nearby developments as the proposed 2 form entry primary school could accommodate demand from another c100 homes, equivalent to £570k;
- Negotiate down the other land owners target receipts;
- Seek approval from AVALB to recycle any forecast profit from acting as the developer, should this materialise.

Key Issues and Risks

There is a need for BCC, as the highway authority, to consider forward funding the delivery of the Eastern Link Road (South). The development viability is hindered by the build out of the EZ commercial and Eastern Link Road (South) infrastructure provision in phase 1 with greater returns only realised by the residential component in a later phase. Other potential funding avenues to offset the cost of the road are being considered e.g. Garden Town and s106 from other sites but there will be a need to cash flow these works up front.

Key financial risks to BCC include:

- Development / infrastructure costs assumed within the viability could increase despite efforts to value engineer the costs down;
- The residual land values may decrease in value due to changes in the economy / Brexit;
- If planning approval is not granted then the investment costs made to date (£500k capital and £125k revenue) will not be repaid as currently assumed;
- Any further delays may mean AVALB ask for further funding from BCC and AVDC;
- If planning approval for the Hampden Fields development is not given then there will be a missing part of the link road around Aylesbury (and the benefits of this scheme potentially reduce);
- The phased approach to land acquisition means that the developer will not have total control of the land at the start of the development.

The application is due to go before AVDC planning committee on 26 July 2017. The key factor in determining whether this occurs will be the response by the BCC Highways Development

Management team to the latest 'off-site' mitigation measures at key junctions from both Aylesbury Woodlands and Hampden Fields teams.

B. Other options available, and their pros and cons

The authority could decide not to accept any reduced Education Contributions and, therefore, not to support the development as it is currently proposed. However, the authority would still need to deliver the ELR (S) and the currently allocated LGF funding is insufficient to do this.

C. Resource implications

The financial viability of the development has been assessed and tested as a key part of the progressing of the development to planning approval stage.

There are financial risks around the scheme (see above). Delays in the delivery of the required infrastructure in a timely fashion could also lead to cost pressures and overruns.

Some investment has already been made by BCC (£500k capital and £125k revenue) in order to support the delivery of the scheme to outline planning approval stage (which is due to be repaid by AVALB). This has been matched by AVDC. Furthermore, delays to planning may mean that AVALB seek further advance funding from BCC and AVDC.

D. Value for Money (VfM) Self Assessment

The viability of the scheme has been reviewed by Savills to ensure that the scheme is affordable and offers value for money. The scheme provides wider value for money benefits through the securing of the Eastern Link Road (South) - a key piece of strategic highway infrastructure required to complete the Aylesbury link roads - and commercial infrastructure within the Enterprise Zone site.

E. Legal implications

In considering the viability mitigation measures proposed by the developer set out in this report, members should note that the government's policy (as set out in Paragraph 173 of the NPPF) is that development should not be subjected to such a scale of s106 obligations that the development becomes unviable. Accordingly, where an applicant has demonstrated satisfactorily through a tested viability appraisal that a planning obligation being required would cause the proposed development to be unviable, local authorities are advised to be flexible in seeking such planning obligations but at the same time ensuring that the adverse impacts from the proposed development are adequately mitigated.

F. Property implications

Strategic property been consulted on the proposals and delivery of appropriate infrastructure.

G. Other implications/issues

The development has wide ranging potential impacts and briefings have been held to ensure that partners and other parts of the Council are aware of and can feed into the proposal.

H. Feedback from consultation, Local Area Forums and Local Member views

Formal public consultation was undertaken in 2016 prior to submission of the planning application and by Aylesbury Vale District Council, as planning authority, following the submission. The Local Member has been briefed on the proposal.

I. Communication issues

These will need to be considered should planning approval be agreed.

J. Progress Monitoring

Further updates will be provided following consideration of the application by AVDC planning committee on 26 July 2017.

K. Review

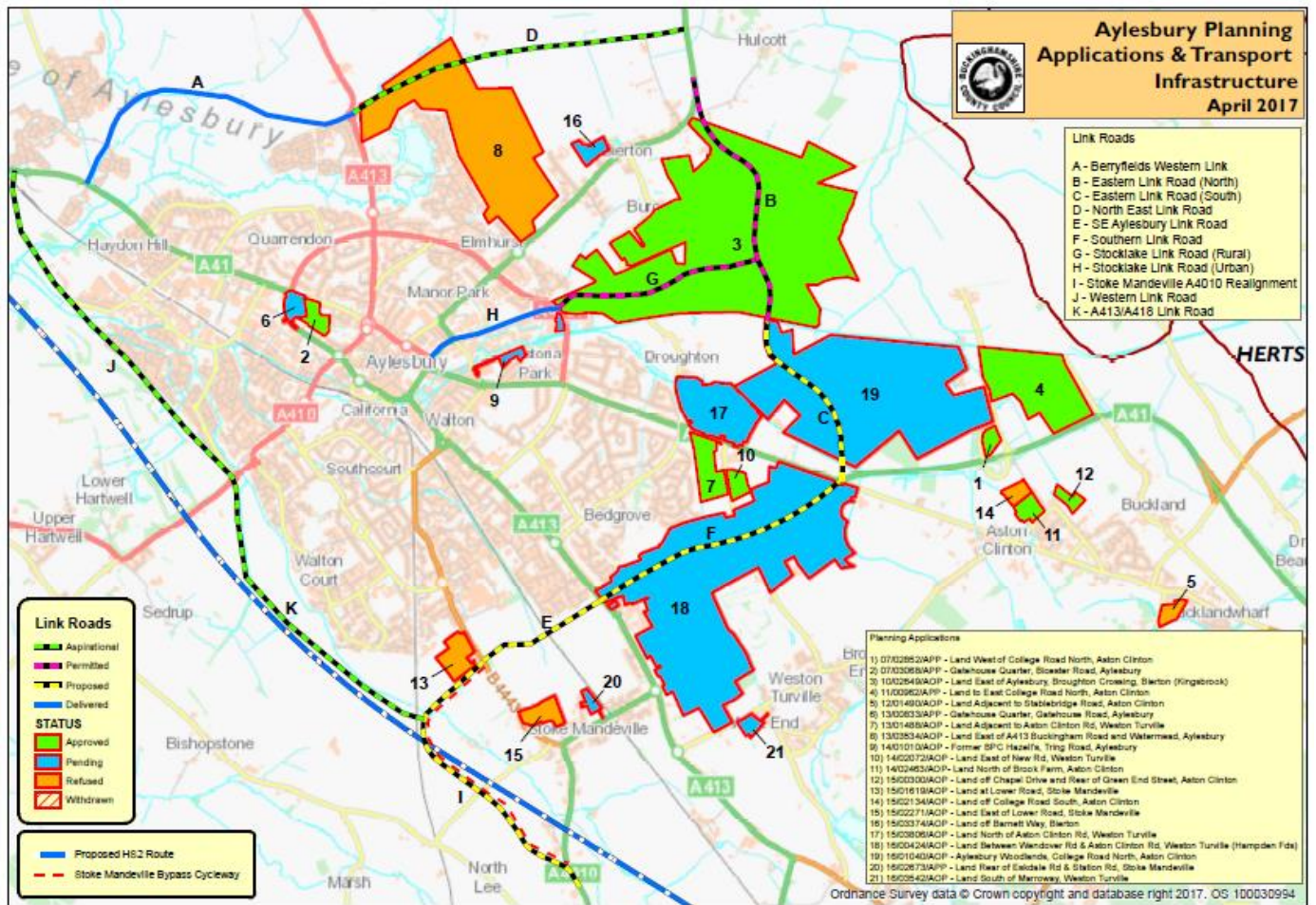
Cabinet will be provided with a further update once the planning application has been considered by the AVDC planning committee.

Background Papers

Aylesbury Woodlands Planning Application – 16/01040/AOP

<https://publicaccess.aylesburyvaledc.gov.uk/online-applications/search.do?action=simple&searchType=Application>

Aylesbury Woodlands Website - <http://aylesburywoodlands.co.uk/>



Your questions and views

If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.

If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Member Services Team by 5.00pm on 23 June 2017. This can be done by telephone (to 01296 382343), or e-mail to democracy@buckscc.gov.uk