

# North Somerset Council

## Report to the Place Policy and Scrutiny Panel

**Date of meeting: 13<sup>th</sup> July 2022**

**Subject of report: Development Programme updates**

**Town or Parish: All**

**Officer presenting: Jenny Ford, Head of Development & Placemaking /  
Victoria Barvenova, Head of Economy**

**Key Decision: NO**

### **Reason:**

Report is for information and discussion

### **Recommendations**

- To note and discuss the updates on current development sites.

### **1. Summary of report**

1.1 This report provides members with updates on development sites that are already approved to be progressed. It invites discussion on the challenges and key priorities.

### **2. Policy**

2.1 In February 2021, North Somerset Council adopted a Development Strategy setting out ambitions for the use of land it owns to deliver new homes and jobs.

2.2 The Development Strategy can be viewed on the council's website at <https://n-somerset.moderngov.co.uk/documents/s780/22%20Asset%20Accommodation%20and%20Development%20Strategies.pdf>

2.3 The Development Strategy supports delivery of the Council's Corporate Priority objectives of Creating a Thriving and Sustainable Place.

### **3. Details**

#### **Background**

3.1 In February 2021, North Somerset Council adopted a Development Strategy setting out ambitions for the use of land it owns to deliver new homes and jobs. The Strategy can be viewed at: <https://n-somerset.moderngov.co.uk/documents/s780/22%20Asset%20Accommodation%20and%20Development%20Strategies.pdf>

- 3.2 In proposing development on land owned by the council, the strategy was clear that the council would not seek to replicate what the private sector is already doing. Objectives can be summarised as follows:
- To provide homes and jobs that meet the needs of our communities – current and future – while helping deliver government targets for housing supply.
  - To offer better quality and more sustainable developments..
  - To deliver sites that the market won't, including difficult brownfield land and employment sites.
  - To generate funding to help deliver other priorities, such as investing in schools, transport links and leisure facilities.
- 3.3 At the present time, the Council is progressing development / development options on five sites:
- Parklands Village Phase 1
  - Land to the South of the Uplands, Nailsea
  - Weston Business Quarter
  - Weston Town Centre sites and Parklands Village Phase 2
  - Castlewood
- 3.4 This report updates members on progress on the sites, and for those at an earlier stage sets out the expected programme for decisions and delivery.

### **Parklands Village Phase 1**

- 3.5 The selection of Keepmoat Homes to deliver 425 homes at Parklands Village at the edge of Weston was approved by the Executive in October 2021. The development includes 128 affordable homes and will be built using Modern Methods of Construction (MMC) at a rate of no less than 85 homes per year. 75 homes will be net zero carbon, with the development as a whole achieving a 75 – 80% reduction in carbon output against baselines.
- 3.6 The contract with Keepmoat is structured as two phases. The first is an “Agreement for Lease”, which is effectively a conditional contract.
- 3.7 The final Build Lease (unconditional contract) will only be entered when a range of conditions have been met, including the issue of Reserved Matters consent and adoption of the North South Link. There have been delays in meeting these conditions due to capacity issues in planning teams and negotiation of adoption of the southern part of the North South Link with Homes England and St. Modwen. However both are expected to be resolved imminently.
- 3.8 Despite these delays, extensive groundworks have taken place on site, at the developer's risk, and a start on housing is expected before the end of the year with the first homes available for occupation in Spring / Summer 2023.
- 3.9 Lessons from this part of the process are that adequate time needs to be allowed within programme for resolution of legal issues and associated conditions. This is particularly the case where there is a reliance on third parties or where other parts of the council are under pressure.

## **Uplands, Nailsea**

- 3.10 A report recommending the selection of Stonewood Partnerships as the council's development partner for this site was approved by the Executive on 22<sup>nd</sup> June 2022.
- 3.11 The 52 homes to be built through this contract will provide a flagship development for design and sustainability, including that all dwellings will meet Passivhaus standards. A start on site is expected later in 2022 or early 2023 with the homes available in 2024.
- 3.12 This scheme saw the council taking a very involved approach, using Homes England grant to secure Full Planning Consent prior to seeking a development partner. Arguably this limited the market of interested development partners, however it has also helped to secure the higher standards required.

## **Weston Business Quarter**

- 3.13 A business case and Commissioning Plan for the provision of enabling infrastructure at this site was agreed by the Executive on 23rd June 2021. The site has the potential to deliver around 1,000 jobs.
- 3.14 The works have secured Outline Business Case approval from the West of England LEP to receive £11m forward-funding from the Revolving Infrastructure Fund. An important feature of this funding is that it must be underwritten and paid back by the council from land receipts or equivalent.
- 3.15 Work on the site has progressed to RIBA stage 2, however cost pressures and viability testing have identified challenges to the site and to the prospect of being able to repay the RIF funding.
- 3.16 In the light of this challenge, officers are reviewing other ways of delivering the site. One option is to sell the site unserviced, with the buyer then responsible for infrastructure delivery. We are currently in early stages of discussion with a good quality manufacturer who is interested in this option as a possible base for a new factory and future growth. The benefit of such a prospect is that the end-users business case is based on the value to their ongoing business, and not on securing a profit from land or buildings in themselves.
- 3.17 An item has been placed on the Forward Plan for the Executive in September to consider the best options for delivery and disposal going forward.

## **Weston Town Centre sites and Parklands phase 2**

- 3.18 A Commissioning Plan for these sites was agreed by Full Council on 15<sup>th</sup> February 2022. The sites have the potential to deliver around 500 new homes, as well as commercial and/or community uses.
- 3.19 Consultancy support for the procurement process has now been put in place and it is anticipated that the procurement will start in September. The aim is to select a developer by March 2023, although that target is very ambitious.
- 3.20 The Commissioning Plan agreed key parameters for the sites, but a Member Advisory Group is proposed to help guide the procurement, to include the Executive

Members for Placemaking and for Assets; local ward members, and the Chair of the Place Scrutiny panel.

- 3.21 The sites are challenging in terms of viability and a balance will need to be struck between ideal ambitions and deliverability if the sites are to come forward.
- 3.22 At present it is still intended that the procurement will include Parklands phase 2, as this will assist with the overall viability. However this will be subject to further discussion, as there will only be a limited number of developers who will deliver both town centre and urban extension type developments.

### **Castlewood**

- 3.23 On 15<sup>th</sup> February 2022, Full Council agreed to that NSC would transition out of its base at Castlewood, and that we would commission the production of a detailed options analysis and associated development and delivery strategy for the future of the site.
- 3.24 This work is underway and is due to report back to Council in November with a recommended option and business case for a potential re-development. This will include feasibility and soft market testing of commercial as well as residential options.

### **Future development sites**

- 3.25 From 25<sup>th</sup> April to 20<sup>th</sup> June 2022, the council ran a consultation on its programme of development sites. The aim of this was to gauge opinion on which sites should come forward in future, and to understand the priorities for the different sites. Approaching 700 responses were received.
- 3.26 The outcomes of the consultation are intended to be reported to an informal session of the Panel in September in advance of recommendations to Full Council in November. However the following paragraphs provide some initial, provisional comment.
- 3.27 Weston Town Centre sites: 38 respondents chose to answer questions on this site. Of those, 29 (73%) were in favour of development, 9 were opposed (23%) and 2 were unsure (5%). The top three priorities for the development of the sites were:
- New, good quality affordable housing (44%).
  - Low carbon development / high standards of environmental sustainability (41%).
  - Community uses (33%).
- 3.28 Parklands Phase 2: a limited number of respondents commented on this site, with 13 in favour of development and 3 against. The top priorities for development were:
- New, good quality affordable housing (64%).
  - New, good quality private housing to buy (43%)
  - Low carbon development / high standards of environmental sustainability (43%).
- 3.29 Castlewood: 103 respondents commented on this site, of which 65 (63%) supported development and 31 (30%) were against. The top three priorities if developed were:

- New, good quality affordable housing (50%).
- Commercial uses (employment buildings) (33%)
- Quality of landscaping and green infrastructure (29%)

3.30 Outcomes on other sites will be reported as above. Those generating most comment were generally those that were greenfield, however there were also mixed views on some brownfield sites.

## **General observations**

3.31 The progress on the sites described above demonstrates the positive outcomes that can be delivered through developing on the council's land, in particular increasing levels of affordable housing, sustainability and overall quality.

3.32 However those outcomes have in most cases been possible due to the input of grant from Homes England and the One Public Estate Land Release Fund, to enable preparatory work (planning, procurement etc) and towards capital delivery. The costs of securing planning and a development partner, even without considering capital works, is in the realm of £250 – 500k per site. Capital works supported by grant have ranged from £0.5 - £10m.

3.33 Without such grants, the council would need to contribute more, land receipts would be greatly reduced, and/or additional benefits such as extra affordable housing would be compromised. A number of sites would be wholly unviable.

3.34 Each proposal requires significant officer support and capacity. This applies across the council, from the Development Team itself, property and major projects, procurement teams and legal services. The planning process requires significant input from a wide range of specialities such as flood, ecology and highways teams.

3.35 The timescales for bringing sites forward can be lengthy. For a relatively straightforward site, a timescale of at least 18 months is to be expected; for a strategic site it will be longer.

3.36 Whilst timelines and costs can be expected to reduce as the Development Programme matures and learns from experience, these are nonetheless significant commitments. They highlight the need for advanced identification of future sites, so that there is time to plan both practically and financially for their delivery at a reasonable point in time. The outcomes from the Development Sites consultation will need careful consideration in this light.

## **4. Consultation**

4.1 As set out above, a Development Sites consultation ran from April to June 2022 and the results will be reported back in the Autumn. Individual sites are subject to further bespoke consultations both before and during the planning process.

## **5. Financial implications**

5.1 The cost of bringing an individual development site forward is in the range of £0.25 - £0.75m, depending on the complexity of the site and the extent to which NSC takes forward any planning application and how delivery is procured.

- 5.2 Capital costs of delivery are extensive (10s of £ms), which is why to date the council has sought private sector partners who have access to this level of capital and who can take on the risks.
- 5.3 The land receipts from sites are variable but in the case of the Weston Town Centre sites, Weston Business Quarter and potentially Castlewood it is known that viability will be challenging.
- 5.4 Officers will seek grant from Homes England, One Public Estate and other government sources or investors to assist in delivery of sites and to minimise the council's financial exposure and risk.

## **6. Legal powers and implications**

- 6.1 The Local Government Act 1972 gives the Council the power to acquire and dispose of land held by it in any manner it wishes provided that the council achieves the best consideration that can reasonably be obtained.

## **7. Climate Change and environmental implications**

- 7.1 The development programme has significant climate change and environmental implications.
- 7.2 An aspiration of the programme is to provide high sustainability homes and employment premises that minimise environmental impact, create good conditions for end-users, offer better choices for those buying or renting, and which encourage other developers to in turn increase their own standards.
- 7.3 The development of land can have negative environmental implications. However North Somerset has a government target to deliver 1,339 new homes per year, as well as continuing requirements for commercial development. If homes and jobs are not delivered on allocated or otherwise policy-compliant sites by the council, they will be delivered by other parties who may have lower standards of sustainability.

## **8. Risk management**

- 8.1 Development projects hold a significant number of physical, financial, environmental and reputational risks, which will be assessed on a site-by-site basis.

## **9. Equality implications**

- 9.1 Individual sites will be subject to Equality Impact Assessments where required, if taken forward for development.

## **10. Corporate implications**

- 10.1 The Development Strategy supports delivery of the Council's Corporate Priority objectives of Creating a Thriving and Sustainable Place.
- 10.2 The delivery of a development strategy will require input and support from a wide range of council teams, including planning, legal and finance.

## **11. Options considered**

11.1 Not to pursue a Development Programme: the principle of a development programme was agreed at Full Council in February 2021 and set a number of objectives to be delivered.

**Author:** Jenny Ford, Head of Development & Placemaking

**Appendices:** None

### **Background papers:**

Report to Full Council, 21<sup>st</sup> February 2021 recommending approval of Development Strategy: <https://n-somerset.moderngov.co.uk/documents/s780/22%20Asset%20Accommodation%20and%20Development%20Strategies.pdf>