

To: City Executive Board

Date: 31st March 2010

Item No:

Report of: Head of Corporate Assets

Title of Report: Land at Barton

Summary and Recommendations

Purpose of report: To provide an update of progress in relation to the potential housing site at Barton and to obtain approval for next steps.

Key decision: No

Report Approved by: Mel Barrett, Executive Director of City Regeneration

Finance: Gillian Chandler

Legal: Lindsay Cane

Policy Framework:

More Housing, better Housing for all

Stronger and more inclusive communities

Improve the local quality of life

Reduce crime and anti-social behaviour

Tackle climate change and promote environmental resource management

Recommendation(s):

City Executive Board is recommended to:

Endorse the steps taken to date and to note the contents of this report

Background

1. This report is to update Members on the progress made towards the delivery of new homes and supporting infrastructure at the Barton site, as shown on the plan attached at Appendix 1. The report also seeks endorsement to continue discussions, regarding delivery, with the HCA. The report is presented from the perspective of being a landowner.
2. The site comprises some 36 hectares (c.90 acres) of land currently safeguarded in the Oxford Local Plan (2005) to contribute towards meeting the city's long term development needs. In the emerging Core Strategy the site "Land at Barton" is allocated as one of the strategic sites for the provision of housing, and is a fundamental part of the strategy to deliver much needed housing in the City.
3. The site is the single biggest opportunity for housing development within the City having been initially assessed as being capable of accommodating up to 1,200 dwellings together with supporting amenities.
4. Members will also be aware that the site forms one of the Council's key priorities as identified in the proposed HCA Single Conversation Local Investment Plan approved by CEB on 3rd March 2010.
5. The City Council is the majority land owner of this site with Scottish & Southern Energy (SSE) being a minor landowner (some 17% of the total). Officers have been in contact with SSE with a view to brokering a collaborative approach to bringing the site to the market. SSE is supportive of the principle of development and has confirmed that part of its freehold ownership is surplus to requirements, and available for development. It is intended for this surplus SSE land to be included in the development proposals but the project is not dependent on this.
6. To facilitate the delivery of new homes there are essentially two work streams being undertaken; a 'property/landowner' (delivery) stream and a 'planning' stream. This report predominantly deals with the delivery aspects.
7. The Council, as land owner, is working with the Homes & Communities Agency (HCA) to understand and address the physical, legal and financial issues facing the successful marketing and development of this site.
8. Significant work has been undertaken to support the allocation of the site in the Core Strategy including a number of evidence base surveys (Flooding, Biodiversity, Transport assessments) and initial feasibility/valuation advice. This work is also supporting the required 'due diligence' in terms of future potential development.

Report

Objectives

9. As well as the potential housing to be generated there is also the potential for rolling-out integrated regeneration benefits to the two existing neighbouring estates of Barton and Northway. The project is therefore much wider than the delivery of new housing, and involves providing better connections between existing areas of housing with the rest of the city and providing the catalyst for new investment and improvements to the existing residential areas.
10. The HCA is the Government's housing and regeneration agency for England with an annual investment budget of £5billion. As well as administering the National Affordable Housing Programme (NAHP) one of the roles of the HCA is to assist local authorities by providing funding, advice and support in the promotion of major development opportunities.
11. The HCA has recognised the wide-ranging potential of this site and has already made funding available to resource various pieces of the investigatory work.
12. The HCA has been working closely with Officers since February 2009 and in this time has helped make excellent progress in the formulation of objectives and strategy for this opportunity. External consultants were (jointly with the HCA) appointed in May 2009 and enabled the City to make a confident and strong case for development at the public examination of the Core Strategy in July 2009. The consultancy team comprises
 - a. Knight Frank LLP. Chartered Surveyors charged with providing financial appraisals, market assessments, advice on the formulation of a masterplan, to assist in preparing the site for marketing and to advise on property issues generally.
 - b. LDA Design Limited. Master planners appointed to prepare initial density and capacity studies to support the planning process, to assist in the production of an Area Action Plan, to prepare a Masterplan that meets the aspirations of the Council and to help assess the merits of any developer submissions made in the marketing process.
 - c. Peter Brett Associates LLP. Consulting Engineers appointed to provide transport and highways reports, infrastructure appraisals and the management and interpretation of intrusive surveys.
13. The objectives (as defined thus far between the HCA and your Officers) for the project are to:
 - deliver a mixed and balanced community;
 - facilitate the regeneration of neighbouring estates;

- improve accessibility and integration;
 - encourage a low-carbon lifestyle;
 - deliver quality design that's innovative and responsive to local circumstances.
 - Achieve best consideration in any land disposal.
14. No other sites of this scale and nature have been identified within the City.

Planning Implications

15. It is the preference of Planning Officers that an Area Action Plan (AAP) is produced for this site in order to set a robust framework for development and regeneration that has been produced in close collaboration with the public. This is likely to take 18-24 months to adopt. The AAP will form part of the Local Development Framework for Oxford and will set a framework for the development of the site and consider its links with the existing areas of Barton and Northway. Opportunities for regeneration in Barton and Northway will also be part of the AAP.
16. The other two main options to provide planning certainty, for the City as landowner, are the production of a Supplementary Planning Document (SPD) or the submission of an Outline Planning Application. Both are considered inferior, from a landowner perspective, to the production of an AAP as the SPD route provides less 'weight' in planning terms and the Outline Application route will require a lot of detailed information and is more costly to produce.
17. Of the two 'policy routes' the SPD route would be a quicker way than an AAP to formally adopt and less expensive (1 year, as opposed to 2 on a worst case basis for the AAP). It would be riskier at this point in time to commit to an SPD though as it is reliant on the adoption of the Core Strategy. An AAP can be adopted in its own right as it is subject to Examination in Public. It should also be noted though that although it could take twice as long to formally adopt, the AAP will have acquired some material weight within a year.
18. In terms of an Outline Application, this will have to be accompanied by a detailed Environment Impact Assessment and is also likely to require full details of the access arrangements with the A40. An Outline Application removes flexibility for partners and therefore runs the risk of affecting marketability of this as a potential development opportunity, compared to an AAP. An Outline Application also offers fewer opportunities to co-ordinate regeneration benefits for existing residents.
19. Further consideration will be required by the Council in its landowner role as the planning situation unfolds towards the end of March.

Engagement and Consultation

20. All three options will require the highest level of public engagement and consultation, in accordance with the City's Consultation Strategy 2009-12. Further to a Members' briefing session in September Officers are currently preparing to instigate a community-led Steering Group for this project in advance of issuing any options papers for the site.

Delivery

21. In the work produced to support the allocation of this site in the Core Strategy Knight Frank has confirmed that the site is financially 'viable' (subject to the comments in 19 below) subject to the early provision of a new, vehicular connection to the A40 – providing vehicular access to the A40 from Barton and for public transport to access Northway. Assumptions in the financial model are;
 - a. Retention of allotments and retention/reprovision of leisure facilities.
 - b. Approximately 1,000 homes, unit mix according to the Council's Balance of Dwellings policy.
 - c. 50% affordable housing, of which 80% is for social rent.
 - d. New primary school and ancillary community/amenity uses.
 - e. Level 6, Code for Sustainable Homes.
22. Initial financial modelling carried out to date did not include HCA Affordable Housing grant and was on the basis of Code for Sustainable Homes Level 6 (out of 6 – a zero carbon development). On this basis the financial return to the City as landowner is currently negligible. Further work is underway to agree the scope and scale of HCA intervention to facilitate the bringing forward of this major opportunity. There are also a number of unknown liabilities such as the quantum and nature of landfill on the site that is currently the subject of a more detailed study.
23. Officers are currently working with the HCA to bottom out these challenges and to confirm a provisional development timeline, and a verbal update will be provided.

Risk Implications

24. A risk assessment has been undertaken and the risk register is attached at Appendix 2.

Sustainability/Climate Change Implications

25. The AAP, as all other Development Plan Documents, will be subject to the Sustainability Appraisal and the Sustainability Environmental Assessment process, which will use sustainability indicators to assess the potential impact of development opportunities emerging from the AAP.

26. In particular the development will need to consider the impact upon Bayswater Brook, and in particular the watercourses and hydrology. Measures to avoid and mitigate any potential impacts, such as sustainable drainage measures to prevent pollution of groundwater may therefore be required.
27. This project also provides an opportunity to remediate or remove the historic landfill.

Equalities Implications

28. The Barton project will provide an important means to deliver new housing, and regeneration in two of the Cities neighbourhoods. This will significantly address the inequalities affecting existing residents.

Financial Implications

29. This work has identified a number of issues surrounding the financial deliverability of the project which are
 - a. The need for this project to be 'infrastructure-led'; in order to provide the required number of homes, to ensure that they are well received by potential buyers and occupants, and to ensure regeneration benefit. One large item of infrastructure that will be required up front will be the access arrangements onto the A40.
 - b. The required level of sustainability code to which the homes will need to comply i.e. 4, 5 or 6. Presently the cost of delivering at the highest end of this range (6) is likely to be significantly more than the lower (4) without this being reflected in any 'green premium' in value.
 - c. What delivery method should the Council adopt? For example
 - i. Land sale
 - ii. Development agreements
 - iii. A joint venture
 - iv. Local Housing Company
 - v. Direct-build, etc
30. The Homes & Communities Agency (HCA) has been working closely with the City to explore how it may be able to assist in addressing these issues by providing investment in the project. Currently the HCA can only release major investment if it is directly associated with a contract for the development of affordable housing. One of the challenges for the site is to establish whether the infrastructure including the road connection to the A40 can be delivered in advance of any Development Agreements, to reduce the risk for developers and secure best consideration. To this end the Council and the HCA are to explore the possible frameworks through which this might be facilitated.

31. Part of these studies and negotiations will involve ensuring that the structure of the eventual development strategy, and HCA requirements, do not adversely impact on the City's ability to draw the maximum possible capital receipt for this opportunity.
32. To date the HCA has committed £300,000 to procure the services of the appointed professional team. This has been supplemented by £100,000 of Growth Points funding by the City Council. There are no other financial implications arising out of this report.

Legal Implications

33. There are no legal implications arising from this report.

Recommendations

City Executive Board is recommended to:

Endorse the steps taken to date and to note the contents of this report.

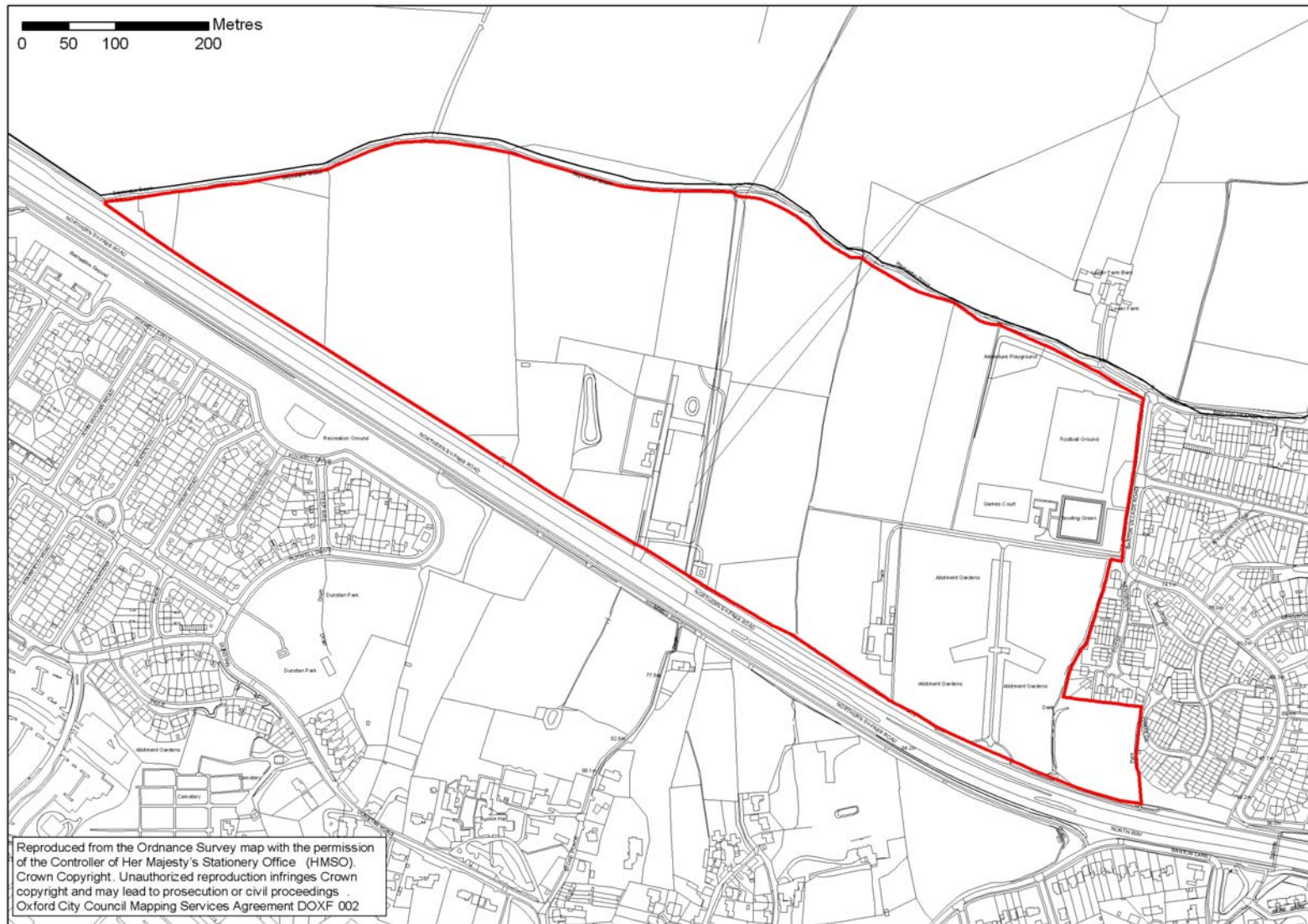
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Background papers:

Appendix 1 - Map showing the Land at Barton Strategic Site.
Appendix 2 – Barton CEB report risk register

Version number:

Appendix 1 - Map showing the Land at Barton Strategic Site



Appendix 2: CEB Report Risk Register - Land at Barton

Risk Score Impact Score: 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P			I	P	Action: Action Owner:	Outcome required: Milestone Date:	Q1 ☹ ☺	Q2 ☹ ☺	Q3 ☹ ☺	Q4 ☹ ☺	I	P
1	Approval not given to proceed with discussions with HCA. More housing, better housing for all, and regeneration strategy.	3	2	CEB not content with HCA involvement. Possible requirement to consider alternative options. Need to source alternative infrastructure funding. Possible cost and time implications.	Explain that HCA is one of several options and that all options are to be fully explored. CEB to approve any commitment required. (M)	2	2	Action: Ensure CEB approve continuing dialogue with HCA. Fully engage with Lead Members. Action Owner: Paul Clark Mitigating Control: Monitor and review. Control Owner: Paul Clark	Outcome required: CEB approve continuing dialogue. Milestone Date: 31/3/10					3	1
2	HCA not able to assist with provision of infrastructure.	3	3	Requirement for early investment not compatible with HCA investment rules. Need to source alternative infrastructure funding. Possible cost and time implications.	Alternative option is available or delivery is designed to cope. (M)	2	3	Action: Finalise discussions with HCA and receive formal position statement. Progress negotiations asap. Action Officer: Paul Clark Mitigating Control: Monitor and review. Control Owner: Paul Clark	Outcome required: HCA provide formal position statement / confirm participations. Milestone Date: Q2 2010					3	3

3	Agreement not reached for inclusion of SSE land.	2	3	Failure to agree commercial terms with SSE.	Ensure close working relationship with SSE and seek early agreement. Possible need to promote CPO. (M)	2	2	Action: Seek Memorandum of Understanding with SSE and / or progress acquisition. Action Officer: Paul clark Mitigating Control: Monitor and review. Control Owner: Paul Clark	Outcome required: MoU agreed. Milestone Date: Sep 2010					2	3
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