

This report will be open to the public on 11 July 2017.

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/17/29**

To: Cabinet
Date: 19 July 2017
Status: Key Decision
Corporate Director: Alistair Stewart, Chief Executive
Cabinet Member: Cllr Pascoe

SUBJECT: Otterpool Park Landowner Update

SUMMARY:

This report sets out the progress that has been made on the masterplanning of a new garden town, Otterpool Park. It seeks approval for some key principles that will form the basis of the framework masterplan to be submitted to support the Local Planning Authority for the Core Strategy Local Plan (CSLP) review and also in the preparation of an outline planning application.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:

- a) The recommendations will enable officers to progress the work on the framework masterplan for the new garden town towards its submission to the Local Planning Authority for the CSLP review, and on the full masterplan that will support an outline planning application.
- b) The recommendations below have resource and financial implications for the Council.

RECOMMENDATIONS:

1. To receive and note report C/17/29.
2. That Cabinet approves the following principles for the development of the Otterpool Park Framework Masterplan to provide a basis for a submission to the Local Planning Authority to support the Core Strategy Local Plan Review and also a basis for preparing an outline planning application:

- a. The indicative layout set out in the spatial plan (Appendix A) showing broad location for development, strategic landscaping, housing, and employment and community facilities, subject to responding to comments from the recent community engagement events.
- b. A review of the total number of homes in line with feedback from public events and viability advice.

The Otterpool Park Framework Masterplan will then be refined for final agreement by a future Cabinet meeting.

3. That Cabinet authorises the Head of Strategic Development Projects, in consultation with the Leader of Council, to enter into a second collaboration agreement with Cozumel Estates.
4. To approve ongoing liaison with DIT over Otterpool Park as a pilot in the promotion of garden towns to international investors, and delegate authority to the Corporate Director Strategic Development to make a submission of further information to DIT, upon consultation with the Leader.
5. To endorse SDC's attendance at MIPIM Cannes in 2018 and for officers to work on the detail with Locate in Kent and potentially also with DIT on this event.
6. To note the budget requirement for land acquisition and the need to build in the sums set out in paragraphs 1.2 and 1.3 of the confidential annexe into the capital programme £75k for 17/18; £600k for 18/19 and £3 million for 19/20 to fund the costs of taking the land options.

1. Background

1.1 The Cabinet last received an update on the council's position as joint landowner and promoter of Otterpool Park on 7 March 2017. The report included updates on the Planning Collaboration Agreement that the council has entered into with Cozumel Estates, land assembly, masterplanning work and the current financial position. It also described previous and future community engagement events and ongoing member engagement. At that meeting Cabinet resolved:

1. To receive and note report C/16/106.
2. To reaffirm the Council's commitment to deliver the Expression of Interest for Otterpool Park.
3. To note the draft Arcadis Stage 1 Feasibility and Capacity Study report, in particular:

“That the conclusion of the technical studies undertaken is that there are no significant barriers to development of a garden settlement identified at this stage which would preclude delivering the aspirations defined by the vision, aims and principles.”

4. To note that, once approved by the Collaboration Board, the Arcadis Stage feasibility and Capacity Study will be published on the Otterpool Park website.
5. To note that, once approved by the Collaboration Board, the Kevin Murray Associates Stage 1 Community Engagement report will be published on the Otterpool Park website.
6. To authorise the Chief Executive, in consultation with the Leader of Council, to take all necessary land assembly steps required to deliver the aspirations identified in the Expression of Interest for Otterpool Park.
7. To note the current budget position as detailed in Section 6 of the report.

1.2 Since March there has been progress on the landowner side of the council in the following work areas, which are described in more detail in this report:

- Preparing a framework masterplan;
- Collaboration and development agreements with Cozumel Estates;
- The project plan;
- Public engagement; and
- Working with Department for International Trade.

The confidential annex addresses:

- Development finance; and
- Land acquisition.

1.3 This report goes on to set out the next steps and future cabinet decisions.

1.4 In November 2016 the council received Garden Town status for the development of proposals for Otterpool Park from the Department for Communities and Local Government (DCLG). The council corporately continues to liaise closely with DCLG and was awarded in March 2017 a further £345K to support its work (in addition to the £750K received in November 2016). Its recent submission to DCLG (May 2017) for funding

support in 2017/18 demonstrated the extent of progress made on both the landowner and Local Planning Authority (LPA) sides of the council, and we were pleased to be able to report that the project has remained on schedule to meet the programme set out in the original Expression of Interest (set out in section 4 of this report). This is a positive outcome given the scale and complexity of the project. This submission will be made available on the council website following a decision by DCLG.

2. The Framework Masterplan

2.1 The March 2017 Cabinet report noted the main outcome of the Stage 1 Feasibility and Capacity Study prepared by consultants Arcadis as:

‘That the conclusion of the technical studies undertaken is that there are no significant barriers to development of a garden settlement identified at this stage which would preclude delivering the aspirations defined by the vision, aims and principles.’

This positive outcome formed the foundations for Stage 2 of work (January – September 2017), namely to prepare a framework masterplan for submission to the LPA. This stage of work has included detailed technical and survey work; liaison with statutory agencies and utilities companies; workshop discussions with members and officers and community engagement events. This has all had a significant impact on informing the emerging proposals.

2.2 The framework masterplan will set out the proposed scale of Otterpool Park; main movement routes; the types of uses to be delivered and broadly where they will be located on the site. It will include strategies to demonstrate how utilities, transport, employment, community facilities and open space will be delivered, along with a phasing strategy. It will not provide detailed layouts or designs at this stage. As the masterplan will be subject to scrutiny firstly during consultation on the draft Local Plan, and then by the Planning Inspector at its public examination, it must demonstrate:

- meeting the expectations of the vision and guiding principles for Otterpool Park as set out in the Expression of Interest;
- meeting the housing and jobs needs identified by the LPA for the district;
- that all needs and demands on infrastructure created by the new community are met or their impacts mitigated; and
- that is both financially viable and deliverable.

2.3 Demonstrating the viability and deliverability of the plan will be critical to its soundness at the Examination. Consultant Montagu Evans has now been appointed by the Collaboration Board to provide advice on this. Montagu Evans’ early advice on the emerging masterplan has been very informative in challenging the emerging plans. Firstly, it has recognised the value of the site’s location and its excellent accessibility by road and rail. Montagu Evans will formally report back in August but some initial informal recommendations include:

- Providing a residential mix that is geared more toward housing than flats (suggested 70/30 mix initially, subject to review). It was

concerned that delivery of 12,000 homes placed an over-reliance on high density development, and smaller units, which may be difficult to deliver and not in keeping with the character of a garden town being sought. It is helpful to note that this suggested mix of housing also matches the housing need identified by the LPA in its SHMA.

- Consolidating the majority of shops and facilities for the town around one main centre (a high street).
- Recognising the important role future high speed rail services and improvements to the station will play in attracting people to live and work here, and therefore progressing this at pace.
- Creating a high quality place.
- Setting a realistic delivery rate for housing, taking into account the range of housing developers and tenures that will be provided, and recognising that the rate of development is likely to increase once development has started and momentum builds up.

2.4 The advice has reinforced the importance of securing a high speed rail service and improvements to the station. The council and Cozumel are liaising with Network Rail to raise the profile of this work and to agree a programme for undertaking improvements to the station. The council has also submitted a representation to Department for Transport's consultation on the renewal of the South Eastern rail service franchise to promote inclusion of a high speed stop at Westenhanger Station.

2.5 Delivery of jobs is a primary objective for Otterpool Park. To help to realise this the council's Economic Development team has commissioned consultants Lichfields to prepare a forward looking employment opportunities study that will identify sectors that would be interested in locating here; what would incentivise them to come and the actions we need to take to make it happen. This work will be important to ensure that proposals are ambitious but deliverable. It will inform the LPA's planning policy, to which the masterplan will then need to respond. The final report will be completed in September.

2.6 The other important factor influencing the draft plan is the outcome of engagement events with the community and other partners and stakeholders including businesses and parish councils. A summary of the outcomes from these is included in section 5 below.

2.7 Before the framework masterplan is finalised in the autumn, and based on the outcomes of all the work set out above, Cabinet is asked to approve some key principles, set out below. These will be used to provide parameters for the Environmental Impact Assessment (EIA) Scoping Report for the planning application that will be submitted in July. It is important to get these parameters right at this stage as any significant changes to broad principles and housing numbers can result in having to re-do the EIA scoping which wastes money and time. The site boundary for this submission is shown on the plan in Appendix A.

2.8 The principles Cabinet is asked to approve are:
a. The indicative layout set out in the spatial plan (shown in Appendix B) showing broad location for development, strategic landscaping,

- employment and community facilities, subject to responding to comments from the recent community engagement events;
- b. A review of the total number of homes in line with feedback from public events and viability advice to establish the most appropriate range of housing numbers.

This approval will allow the masterplan team to continue its work on the Framework Masterplan prior to submission to the LPA in September 2017 (as a draft, subject to Cabinet approval) for the draft CSLP. The final draft masterplan document will be brought back to Cabinet for sign off in October.

- 2.9 Formal pre-application discussions have also begun with the LPA. A Planning Performance Agreement has been signed by the council as landowner, Cozumel Estates, the LPA and Kent County Council to commit to an agreed programme of work up to the submission of a planning application (the Agreement can be viewed on the council website).

3. Second Collaboration Agreement and Development Agreement

- 3.1 The collaboration agreement that the council entered into with Cozumel Estates in September 2016 set a timeframe of nine months to prepare and sign a development agreement. Following dialogue with Cozumel and advice from the Council's legal team, it is our view that a development agreement is not appropriate for this stage of the project, as such agreements assume the involvement of a developer and commencement of work on site. Instead, it is proposed that:

- a. A further agreement – the Second Collaboration Agreement - be prepared that develops in greater detail the principles set out in the first agreement. This will cover the period up to grant of planning permission and selection of development partner(s).
- b. A full development agreement be entered into with future partner(s) by end of 2019. This will include detailed documents and strategies including a business plan. The scope of this agreement will be brought back to Cabinet in autumn 2019.
- c. The current agreement will be extended to a longstop date of 31 March 2018 to allow time for the Second Collaboration Agreement to be signed (the extension of time of the current agreement falls under authority delegated to the Corporate Director for Strategic Operations in the Cabinet report of 8 June 2016¹).

- 3.2 The Second Collaboration Agreement in itself will require the council to establish its position on a range of important questions. These include a clearer definition of the Guiding Principles included in the Expression of Interest, and a position on the commercial return the council expects to see from Otterpool Park. It will require agreement on the way that development partners will be procured, and the programme for doing so. Authority is

¹ Recommendation reads: To authorise the Corporate Director – Strategic Operations, in consultation with the Leader of the Council, to finalise the terms of and enter into a planning collaboration agreement with the owners of Folkestone Racecourse to regulate the working arrangements between the parties as land owners and promoters with an objective of securing a suitable outline planning permission for a new garden town.

therefore sought from Cabinet for the Head of Strategic Development Projects, in consultation with the Leader of the Council, to enter into a second collaboration agreement with Cozumel Estates. The final draft agreement will be brought back to Cabinet in October 2017.

4. Project programme

- 4.1 We are working to a tight timescale to deliver Otterpool Park. The next key milestones we are working toward are:
- a. submitting a framework masterplan to the LPA in September 2017;
 - b. submitting a planning application in March/April 2018 that includes a full masterplan;
 - c. achieving resolution to grant planning permission by end of 2018 subject to S106 and adoption of the CSLP;
 - d. providing evidence to support the allocation of Otterpool Park in the CSLP review; and
 - e. starting on site in 2020.
- 4.2 Progress needs to be carefully monitored to ensure we are on track to meet these deadlines, and to track the dependencies between the landowner programme of work and that of the LPA. A summary of the project programme (Appendix B) sets out progress against these milestones for the landowner, LPA and corporate functions of the council as at June 2017.

5. Public engagement

- 5.1 The March 2017 Cabinet paper gave an update following the first community engagement events in December 2016 and included a copy of the report on the outcomes of the events by Kevin Murray Associates. A second round of engagement has since taken place that has included:
- A statutory agency workshop on 21 April
 - Business and civic workshop on 14 June
 - Working with students at Sellindge Primary School on 15 June
 - Public drop-in events during 22-24 June at a range of locations across the district.
- 5.2 These events had originally been intended to take place earlier in the year but had to be postponed to avoid the period of restricted publicity (purdah) for the county and general elections. The purpose of the events was to share the emerging thinking on the masterplan options for Otterpool Park and encourage as wide a range of people as possible to contribute their views and preferences to influence the preparation of the final framework masterplan. A report of the events and their findings will be published in due course.
- 5.3 The early learning from these events is:
- The style of the public drop-in events has not enabled a balanced engagement as a limited number of people objecting to the principle of large scale development attended each event with the stated intention of dominating the proceedings. Some members of the public have commented that they found the atmosphere intimidating.

- Outside of the theatre style presentations at the drop-in sessions discussions with individuals and smaller groups has been more useful. The workshop sessions with statutory bodies, civic and business representatives allowed positive discussions that allowed people to contribute their views;
- The demographic at the events has not been representative of the community as a whole with the majority of attendees being over 50. There has been a real lack of attendance by younger people and as the project is being delivered over at least a 30 year timescale this is obviously problematic.

It will be important to reconsider how best to engage with all of the communities across the district and to focus on demographically representative individuals and groups who are keen to help shape the proposal so it meets local needs.

- Key points raised included;
 - the ability to supply sufficient water the impact of traffic on existing highway infrastructure;
 - impact on health and education provision
 - support for affordable housing in a range of forms
 - support for local housing
 - support for need to provide employment land for jobs

5.4 At the December 2016 public events some participants felt frustrated that there are many questions on detailed design and provision of services that did not yet have an answer. The June events gave the opportunity to explain the relatively early stage of the masterplanning and the need to establish broad principles first, before drafting more detailed strategies. For example, we set out how many schools will be required and their broad locations at the framework masterplan stage but not how they will be run or what they will look like. It is important that the community and all other stakeholders continue to be engaged as the process evolves to test and influence the plans at greater levels of detail.

5.5 The table below shows the stages where there will be opportunities for everyone to shape proposals both through the planning application process (led by the landowner) and the Local Plan preparation process (led by the LPA).

When	Masterplan and planning application preparation	Core Strategy Local Plan Review
June 2017	Engagement on high level principles for the emerging proposed masterplan including location and dispersal of uses, landscape framework and key movement routes.	
Late 2017	Pre application consultation on outline planning application (to agree principles and	

	parameters for the new community and requirements for all community facilities, services and employment).	
Jan – Feb 2018		Consultation on draft CSLP including draft framework masterplan and draft policies.
April 2018	Formal consultation on submitted outline planning application.	
October 2018		Final consultation on draft Local Plan prior to submission to Planning Inspectorate.
Late 2018	Pre application engagement on reserved matters (including full detailed design for first phase and draft design code).	
March 2019		Public Examination of Local Plan.
July 2019	Formal consultation on submitted reserved matters application.	

6. Working with Department for International Trade

- 6.1 The council has in its corporate role been liaising with Department for International Trade (DIT) over Otterpool Park since early 2017. DIT can help to promote major infrastructure and development projects to an international audience where they are looking for investment or development partners. It can match projects with anything from master developers that work in partnership to deliver a whole site, or to investors in specific items of infrastructure such as roads or stations. DIT is working with the South East Local Enterprise Partnership to identify such projects within its area, and initial submissions were sought in May 2017. The Council made a submission for Otterpool Park to be part of this process, with the approval of the Leader.
- 6.2 The projects that DIT generally supports are infrastructure or large scale developments that have planning permission and are ready to deliver. However the DIT Board has recognised that some projects, such as new garden towns, may need a longer lead in and could benefit from initial promotion at a strategic level before the details of specific investment or development opportunities are decided upon. The DIT Board would therefore like to work with the council as a pilot on a new approach to promoting garden towns and other similar scale projects that are at an early stage. It has asked the council to provide some further details on Otterpool Park, with a view to agreeing a package of measures for promotion of the project, including coverage on its website. The timescales for any activities will all be through further discussion and agreement between DIT and SDC. This could offer give the council the opportunity and advantage of being the

first of the garden towns to be actively promoted by government. Cabinet approval is therefore sought to take forward exploring this potential liaison with DIT and submit further details on Otterpool Park, upon consultation with the Leader. Approval will be sought from Cabinet in October prior to any active promotion of Otterpool Park in this way.

- 6.3 It is important to note that working with DIT does not prejudice any future decisions that the council and its landowner partner takes in the approach to selecting partners to deliver the site, or consideration of any other sources of funding to deliver infrastructure. The council's landowner partner Cozumel has agreed that this is something worth pursuing.
- 6.4 DIT offers a range of means of promoting projects, including project summaries on its website; through national and international industry events such as MIPIM and through its international consulates. Attendance at MIPIM in 2018, working with Locate in Kent, has been supported by the Leader - further consideration will be given to how working with DIT on MIPIM can be used to best advantage to promote Otterpool Park. Endorsement is therefore sought from Cabinet for SDC's attendance at MIPIM Cannes in 2018 and for officers to work on the detail with Locate in Kent and potentially also with DIT on this event. As CMT Contingency is already in the budget framework there is no requirement for Cabinet to approve this spend.

7. Next Steps & future Cabinet decisions

- 7.1 The main focus of the council's work as landowner over the next three months will be:
1. Finalisation of the framework masterplan, drawing on the inputs from Montagu Evans, the views of members and feedback from the engagement events.
 2. Preparation of a report on the June engagement events.
 3. Signing options agreements with landowners.
 4. Working with Cozumel on the Second Collaboration Agreement.
 5. Liaising with DCLG and the HCA over its potential role in providing advice and support to Otterpool Park.
- 7.2 A further report to Cabinet in September 2017 will provide an update on the masterplan work and land acquisition, and seek decisions on:
- The content of the second collaboration agreement, and
 - Principles of the approach to long term stewardship.

8. Financial & Resource Considerations

- 8.1 It is anticipated that the council in its capacity as landowner at Otterpool Park will have incurred costs of approximately £1,103k during the current financial year, and will require an indicative budget of £836k for planning costs for 2018/19. This excludes capital sums eg for land acquisition noted in section 15 below (confidential annex).

9. Risk Management Issues

A summary of the perceived risks is as follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Fail to submit framework masterplan in Sept 2017	High	Medium	Continuous programme management and risk management. Liaise with LPA to agree content.
Fail to submit a planning application by April 2018	High	Medium	Carefully prepared planning application. Prepare fallback position.
<i>Fail to achieve allocation in Local Plan Review.</i>	<i>High</i>	<i>Low</i>	<i>Liaison with LPA following publication of its growth options study. Carefully prepared landowner representations for Local Plan.</i>
Unforeseen costs mean project or scale of project is unviable	High	Medium	Early assessment of key costs. Reduce scale and/or secure public sector subsidy
Failure to secure Second Collaboration Agreement	High	Medium	Work closely with Cozumel Estates Ltd to deliver a mutually acceptable position.
Market viability	Medium	Medium	Anticipate fluctuations in market and maximize potential in good times. Do not over provide in infrastructure and make sure the market can support the numbers of units built in each phase.

10. Legal and Financial Comments

10.1 Legal Officer's Comments (David Kelly)

Subject to the Council complying with applicable legislation, there are no legal implications arising directly out of this report. Legal Services will continue to work with external legal advisors where appropriate in relation to Otterpool Park and particularly the Second Collaboration Agreement and the various Option Agreements.

10.2 Finance Officer's Comments (Timothy Madden)

Comments included in section 1 of confidential annex below.

10.3 Diversities and Equalities Implications

This report does not raise any specific diversities and equalities implications.

11. Contact Officer and Background Documents

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Julia Wallace – Otterpool Park Project Manager,
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Andy Jarrett – Head of Strategic Development Projects,
andy.jarrett@shepway.gov.uk, 01303 853

12. Appendices

Appendix A - Indicative layout for Otterpool Park
Appendix B – Project programme

Appendix A - indicative layout for Otterpool Park

GREEN CORRIDOR & CULTURAL QUARTER LINKING

- SECONDARY & PRIMARY SCHOOLS
- SPORTS & LEISURE
- SPORTS CLUB
- PLAY AREAS
- MULTI-FAITH CTR
- GALLERY
- HOUSING

LOCAL CENTRES

- COMMUNITY HALL
- LOCAL SHOPS
- NURSERY
- PLAY
- JUNIOR SPORTS
- PRIMARY SCHOOL
- HOUSING

- SS SECONDARY SCHOOL
- PS PRIMARY SCHOOL
- BP BUSINESS PARK



GATEWAY

- PUBLIC TRANSPORT INTERCHANGE
- RAIL STATION
- BUS STATION
- PARK + RIDE
- HOTEL
- BUSINESS
- CAFES
- HEALTH CENTRE
- HOUSING

HIGH STREET

- LOCAL SHOPS
- RESTAURANT / CAFES
- COMMUNITY HALL
- DENTIST
- SMALL MEDIUM ENTERPRISE
- MARKET PLACE
- HOUSING

