

## Appendix One

Otterpool Park Business Plan - 1<sup>st</sup> Annual Update  
November 2021

DRAFT

## Table of contents

<b>1. CHAIR'S INTRODUCTION</b>	4
<b>2. BACKGROUND AND CONTEXT</b>	
2.1 BACKGROUND	5
2.2 CONTEXT AND DRIVERS	6
2.3 DRIVERS FOR OTTERPOOL PARK	7
<b>3. VISION AND PURPOSE</b>	
3.1 BENEFITS TO THE DISTRICT COUNCIL	8
3.2 LAND VALUE CAPTURE	9
3.3 DESIGN	10
<b>4. LEGAL AND GOVERNANCE</b>	
4.1 LEGAL AND GOVERNANCE	11
4.2 THE WORK OF THE BOARD	13
4.3 ANTICIPATED WORK	14
4.4 THE BUSINESS PLAN PROCESS	14
4.5 DISTRIBUTION OF SURPLUSES	15
4.6 STRATEGIC LAND AGREEMENT	15
4.7 LONG-TERM GOVERNANCE AND STEWARDSHIP	16
<b>5. RESOURCING STRATEGY</b>	
5.1 BACKGROUND	18
5.2 OPERATING STRUCTURE 2021/22	19
5.3 A COMPARISON OF OPERATING MODELS	19
5.4 CORE POSITIONS, SKILLS AND WORKSTREAMS	22
5.5 RESOURCE REQUIREMENTS	23
5.6 OTTERPOOL PARK LLP: 2022/23	24
5.7 FUTURE REVIEW	24
<b>6. STAKEHOLDER RELATIONS</b>	
6.1 STAKEHOLDER ENGAGEMENT TO DATE	25
6.2 FUTURE STAKEHOLDER ENGAGEMENT	27
6.3 COMMUNITY DEVELOPMENT	28
6.4 STAKEHOLDER COMMUNICATIONS	28
6.5 LEARNING FROM ELSEWHERE	29
<b>7. THE MARKET</b>	
7.1 INTRODUCTION	30
7.2 THE MARKET	30
7.3 ECONOMIC OUTLOOK	31
7.4 PROPERTY OUTLOOK	32
7.5 FORECASTS	34
7.6 CONCLUSION	34

<b>8. FINANCES</b>	
8.1 FY22-23 FINANCIAL BUSINESS PLAN	36
<b>9. PLANNING STRATEGY</b>	
9.1 SUPPORT FOR SITE ALLOCATION IN CORE STRATEGY REVIEW	45
9.2 PLANNING INCLUDING UTILITIES / INFRASTRUCTURE	48
9.3 S106 AGREEMENTS	48
9.4 ROLE OF THE LLP IN PLANNING	49
9.5 FORWARD PLAN 2022/23	52
<b>10. INFRASTRUCTURE STRATEGY</b>	
10.1 INTRODUCTION	55
10.2 OCTOBER 2021 TO MARCH 2022 (FY21/22)	56
10.3 APRIL 2022 TO MARCH 2023 (FY22/23)	58
10.4 APRIL 2023 TO MARCH 2024 (FY23/24)	63
10.5 APRIL 2024 TO MARCH 2025 (FY24/25)	67
<b>11. LAND DISPOSAL STRATEGY</b>	
11.1 ROLE OF THE AGENT	70
11.2 MARKETING AND SALE OF RESIDENTIAL AND COMMERCIAL LAND	70
11.3 MAKE ASSUMPTIONS ON OUTLETS AND NUMBER OF PRIVATE AND AFFORDABLE HOUSING SOLD MONTHLY PER OUTLET	74
11.4 IDENTIFY PARCELS TO BE SOLD / PHASING / HAUL ROAD AND SALES ACCESS STRATEGY	74
11.5 IDENTIFY INITIAL LAND RECEIPTS PER PARCEL	76
11.6 AFFORDABLE HOUSING	76
11.7 OPEN MARKET TESTING	76
11.8 COMMERCIAL	76
<b>12. QUALITY ASSURANCE AND MONITORING</b>	
12.1 RISK MANAGEMENT	79

# 1. CHAIR'S INTRODUCTION

The Board of Directors is pleased to be presenting updates to the Business Plan agreed by the board in November 2020.

During the past year we have made significant progress in driving forward the delivery of Otterpool Park and creating a garden town that will meet housing needs of the district and establish a remarkable new community for the next generation.

The project is at an advanced stage of planning and we welcome the response from the Planning Inspectors in the Core Strategy review, in line with our aspiration to secure planning permission in the year ahead. Relationships with a wide range of partners and stakeholders that will enable on-the-ground delivery have been established and our marketing to housebuilders has been met positively. We are seeking to work with forward-thinking developers and investors, and engagement with stakeholders at a national level is supporting this.

A Covid-safe virtual engagement enabled us to present our first plans for phase one to a local audience, as well as capture valuable feedback. Other community engagement touchpoints have included a series of arts and heritage activities locally and continued sentiment-capture from our virtual community.

Refining our designs is a key focus for the year ahead and, as we move beyond the pandemic, the concept of a garden town community that will deliver homes, green spaces, healthcare, schools, leisure facilities, jobs and infrastructure is an appropriate and visionary response.

***Luke Quilter, Chair, Otterpool Park LLP***

# 2. BACKGROUND AND CONTEXT

## 2.1 BACKGROUND

Otterpool Park is a unique opportunity to meet the challenge of housing need in Folkestone and Hythe, through a properly planned new garden community set in rich countryside. It is ideally located to take advantage of excellent existing connections by road and rail.

In 2015, Folkestone & Hythe District Council (“the Council”) bought 144 ha of agricultural land at Otterpool Manor Farm as a long-term investment for future development. Shortly after this, the Government announced its Garden Cities, Towns and Villages programme, which provided the stimulus for the Council to advance its ambitions for development and form a partnership with its neighbouring landowner Cozumel Estates Limited, the owner of Folkestone racecourse. A proposal for a new town of up to 10,000 homes and thousands of new jobs, all in a green setting with 50% green space, was born.

The bid to Government for garden community status was successful, and the project continues to be supported by politicians at national, county and district level. The project has attracted £3.4 million of capacity funding from Government to support the Council’s work to date. The Council has continued to acquire properties and land options, including Westenhanger Castle, a Scheduled Ancient Monument and Listed Building, and the land and options held by Cozumel, within the site. Homes England, the Government’s housing agency, has also invested in land at Otterpool Park to support the proposals.

Work began in 2016 on a masterplan for the area, led by consultants Arcadis and masterplanners Farrells, resulting in an outline planning application submitted in February 2019. The plans were guided by a set of principles that were agreed at the outset, based on the Garden City Principles. These principles were explored in more detail in the Charter for Otterpool Park adopted by the Council in 2017 (Cabinet meeting 18 October 2017 minute 48).

More recently, the Council reaffirmed its view of what it wants Otterpool Park to be and set out the Council’s ambitions for a sustainable new garden town in the Folkestone and Hythe district (attached as Appendix 2):

- Enhancing the environment:
  - Minimum of 50% green space.
  - Deliver at least 20% biodiversity gains, going beyond the Government target.
  - Promoting walking, cycling and public transport.
  - Reducing environmental impact.
  
- Creating strong and healthy communities:

- Giving residents a voice.
  - Preserving cultural heritage and inspiring the new.
  - A diverse range of housing types and tenures.
  - Innovative approaches to delivery.
- Creating jobs and building new businesses
    - Diverse employment opportunities.
    - A digital town of the future.
    - New town and neighbourhood centres.

In parallel the Council, as the local planning authority, reviewed its Core Strategy. After a capacity analysis of the district, it concluded that this location was the only viable area for significant growth to meet escalating housing need. It recognised the sensitivity of the landscape – within the setting of the Area of Outstanding Natural Beauty (AONB) and views from the North Downs – and the impact on existing neighbouring communities. In many respects this has been a positive challenge; creating a proposal that is landscape-led, creates green space that is accessible to new and existing residents and provides attractive townscape views through well-designed streets and buildings. The masterplan also brings new life to heritage assets including Westenhanger Castle and offers a net gain to biodiversity.

The Council approved the first five-year Business Plan, which this is an update on 20 February 2021.

## 2.2 CONTEXT AND DRIVERS

**Housing need:** the undersupply of housing nationally is recognised by all political parties, and the need within the Folkestone and Hythe district is no different. The latest Government figures for objectively assessed housing need that the district is obligated to plan for continues to increase, now more than doubling current rates of delivery. This need applies to all types of housing but in particular affordable housing and helping younger people onto the housing ladder.

**Planning context:** historically the district has built a significant proportion of its housing on brownfield sites within existing towns and villages. However, there is now very limited capacity for further growth in Folkestone or Hythe, and while there is some scope for more housing on the Romney Marsh and in some villages, the district is heavily constrained by the AONB and flood plain. Development around junction 11 therefore becomes a natural choice, helped by the fact the junction has plenty of capacity and there is a railway station at Westenhanger.

**Economic positioning of the district:** East Kent has historically underperformed economically within Kent and nationally. There are now several factors that give an opportunity for the district to punch higher,

developing higher value jobs, attracting more visitors and raising values. These factors include the high-speed train service into London; increased attraction of natural assets such as the coast and countryside; good connections to Europe; comparative affordability of houses and the thriving arts and creative scene. Much of the employment space in Folkestone is outdated, or in the case of the creative industries has not got the capacity to expand, so there is latent opportunity to improve skills and provide better quality jobs.

**Ageing population:** the Folkestone and Hythe area has historically attracted people wishing to retire to the coast and has a shortfall of younger adults.

**Financial:** as Government funding to local authorities becomes less predictable and reduces in real terms, so councils are looking to other sources of income to ensure a stable financial future, including through development portfolios. Over the past five years the Council has bought land or developed proposals on a pipeline of different sites, in many cases delivering new homes through the Housing Revenue Account. Otterpool Park is by far the most ambitious acquisition but with the potential for the greatest long-term income.

## 2.3 DRIVERS FOR OTTERPOOL PARK

- Meeting the Council's corporate objective of more homes and more jobs.
- Planning properly for long-term housing growth.
- Rebalancing the demographic of the district to attract more people of working age, away from the trend of an increasing older population.
- Creating a comprehensively planned community that provides infrastructure in a timely way and a high-quality environment, controlled through land ownership. This will avoid incremental and poorly planned, poorly designed development.
- Creating an environment that enables healthy lifestyles, including neighbourhoods that are walkable, encouraging walking and cycling overuse of the car. Thriving local communities and access to the outdoors has become increasingly important with the impact of the Covid-19 pandemic.
- Financial sustainability of the Council, providing a long-term source of income to reinvest in the district and improve services to its residents.

The importance of working in partnership to deliver a project of this scale cannot be underestimated, including a strong working relationship with the local planning authority. Section 6 sets out the work with stakeholders present and anticipated.

# 3. VISION AND PURPOSE

Our Vision document for Otterpool Park is included at appendix 1.

## 3.1 BENEFITS TO THE DISTRICT COUNCIL

### Development management

The Council is keen to ensure that the development is of a high quality and delivers a wide range of objectives. The LLP is a vehicle able to exert control far beyond what would be possible through the Council's role as local planning authority. This may involve applying control or financially supporting a wide range of aims and objectives, including the following:

#### ■ Homes

Developing up to 10,000 new homes including:

- Satisfying local needs, including affordable homes.
- Providing a range of tenures to meet diverse needs.
- Including homes for key workers.
- Providing opportunities for innovative delivery, including self-build and community land trusts.
- Achieving high quality design and sustainable construction.

#### ■ Distinctive and high-quality design

- Applying guidance through design codes.
- Applying control through deals struck with housebuilders and enforced through licensing arrangements.

#### ■ Sustainable transport

- Provision of transport hubs to encourage the use of public transport and sustainable vehicles.
- Incentives for the use of electric vehicles and good quality cycle and pedestrian facilities.

#### ■ Employment

- Enable 9,000 new jobs.
- Create serviced land and floorspace.
- Support the development of services e.g. schools, shops, health facilities.
- Incentivise investment in inward investment and new businesses.
- Encourage the development of skills.

#### ■ Green and blue infrastructure

- Create 900 acres of green space.
- Plant over 1,500,000 trees.
- Achieve 20% biodiversity gain.
- Promote sustainable urban drainage.
- Deliver nutrient neutrality.



- **Energy conservation**
  - Committed to no gas supply for new housing.
  - Promote fabric first / air ground source heat pumps for all buildings.
  - Explore direct access to neighbouring solar farm proposal.
  - Explore scope for district heating.
  - Reduce car dependency.
  
- **Healthy lifestyles**
  - Land uses arranged to encourage walking and cycling, assisted by dedicated cycleways, footpaths and large areas of parkland.
  - Contemporary health facilities.
  - Indoor and outdoor spaces and activities to improve community development and mental health.
  
- **Improve heritage assets**
  - Repair and repurpose Westenhanger barns.
  - Improve the setting of Westenhanger Castle, its causeway and repair its moat.
  
- **Creativity**
  - Embed creativity, art and culture in the ethos and design of the town.
  - Work with Creative Folkestone to bring art into the design of places and spaces.
  - Attract creative and digital industries.
  
- **A technology-enabled community**
  - Bring ultra-fast broadband to the doorstep.
  - Pilot and test new ideas.
  
- **Monitoring the success of the town against its objectives and resident/employer satisfaction**

## 3.2 LAND VALUE CAPTURE

### Financial

Although not the primary reason, one of the reasons for the Council embarking on the Otterpool Park project was to generate a commercial return and thereby improve its overall financial position. The decision was taken in anticipation of the Government reducing its annual support grant to the Council and with an aspiration of making the Council more financially independent.

Initial land purchase costs were justified on the basis that in the long-term there would be benefits to residents across the district. The aspiration is for

the Council to benefit from capital receipts in the middle and long-term and to explore the scope for generating sustainable revenue incomes.

The capital receipts will result from the selling of serviced plots to housebuilders. Some receipts will be reinvested in the project, and some will be payments to the Council, to enable the repayment of loans to the company and to support improved Council services. Further capital receipts could be generated if the Council wanted to directly develop land for housing or commercial uses.

The revenue receipts could be manifest from a range of sources which could include:

- Income from land and/or buildings through the payment of rent (residential and commercial). The Council could retain the freehold interest in parts of the site and achieve ground rents or it could potentially construct commercial buildings to let.
- The provision of services to the LLP e.g. grounds maintenance.

Each year the Board of the LLP will consider the distribution of profits to its owners; the ability to distribute profits will depend on a variety of factors including the amount of money generated by land sales.

### 3.3 DESIGN

#### Design quality

Several mechanisms were agreed with the LPA early on to ensure good design and placemaking was carried through from early concept through to detailed design and construction. These are:

- The Charter for Otterpool Park which was approved in October 2017.
- Setting up the Otterpool Park Place Panel.
- Proactive involvement of the LPA, working together with the promoter.
- Preparation of design guidelines as part of the outline planning application.
- Preparation of design codes – strategic design guidelines have been completed for the whole site, and a detailed code for phase 1. Future codes will be required for future phases.
- A Kentish Contemporary Vernacular design guide aimed at developers that demonstrates how traditional Kent building forms and materials can be reinterpreted.

The LLP will continue to support and invest in these design tools. It recognises the need to review each phase of development to assess its success and where lessons can be learnt, then revise design codes and other strategies accordingly.

# 4. LEGAL AND GOVERNANCE

## 4.1 LEGAL AND GOVERNANCE

The Council has formed Otterpool Park Limited Liability Partnership (“the LLP”) to act as the master developer for the Project in accordance with this Business Plan and the agreements it has with the Council, principally the Strategic Land Agreement and the financing arrangements.

As the master developer the LLP will take responsibility for obtaining planning permission and other consents and for delivering the infrastructure (e.g. community infrastructure, utilities and highways) for the Project. The LLP will also carry out feasibility studies to determine market need.

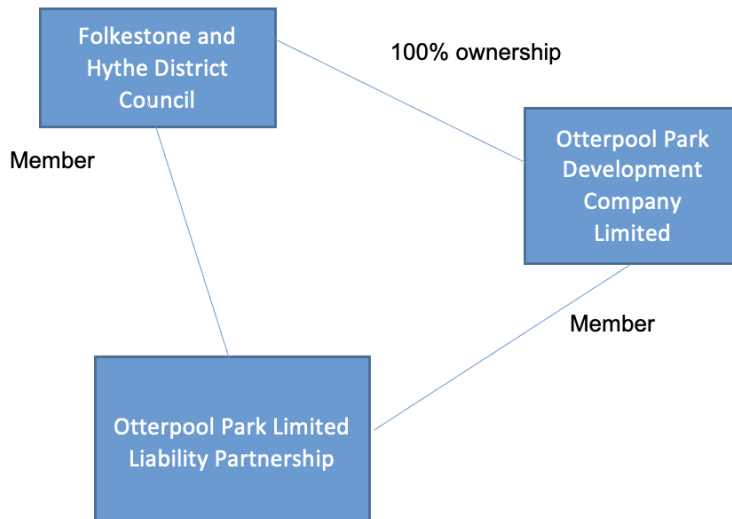
The LLP will market fully serviced land parcels to housebuilders and commercial developers, facilitating the creation of high-quality places.

The LLP, through subsidiaries, will have a continuing role in the physical and social development of the project.

It is not envisaged in the plan that the LLP will (either itself or through a subsidiary) develop land itself, which would require a different set of considerations and decisions. This may change during future plans or indeed during updates of this present plan. In addition, although not related to developing land, it is likely that the community infrastructure will be managed and owned by a subsidiary of the LLP.

Finally, the LLP will create value for its owners in the way it facilitates the development of the project. This is dealt with more fully elsewhere.

The LLP is presently owned by the Council and by the Otterpool Park Development Company Limited (“the Limited Company”). The Limited Company is itself wholly owned by the Council. The ownership structure is shown below. There has been no change in the ownership or structure of the LLP during the year.



A Members' (or Owners') Agreement between the Council, the Limited Company and the LLP is the governing document of the LLP. The Members' Agreement sets out the objective of the LLP as:

*"To ensure that the Otterpool Park Garden Town, a settlement that will in time consist of 10,000 dwellings is delivered in accordance with the Business Plan approved from time to time including but without prejudice to the generality of the foregoing generating the required commercial return to the Members."*

The LLP's tasks are further shown as:

- a) Be the planning applicant for the project delivery.
- b) If appropriate, act as the manager of the community infrastructure created as part of the project.
- c) Lead and coordinate development activity at the project site, potentially via subsidiary vehicles.
- d) Where appropriate, facilitate partnership development arrangements to bring forward housing and employment opportunities at the project site, including joint ventures with other organisations.
- e) Where appropriate, hold and manage residential, commercial, agricultural and/or industrial land and buildings at the project site in advance of, during and following project delivery (as applicable).
- f) Lead and coordinate the delivery of such infrastructure works as are necessary as part of project delivery.
- g) Commission any necessary professional services relating to either the Council's objectives for the project and/or the business objectives of the Delivery Vehicle.
- h) Carry out such trading activities as will be identified in the Delivery Vehicle's Business Plan (which will be subject to periodic update/review/approval).

The Members' Agreement also contains the delegation matrix which sets out those matters which need the approval of the Council and are not within the authority of the LLP to make a decision on.

The structure will enable new partners to join the LLP; a decision on whether to and on what terms would rest with the existing members. At present it is the Council's intention that it would retain the majority "share" in the LLP. Any new partner could come from the private or public sector. It is likely that the Council would expect that any new potential partner would bring substantial funding with them.

The governing body of the LLP is a board of nominees or directors. The present Board comprises seven people six of whom are appointed by the Council and one by the Limited Company. One of the directors has been appointed as the chairman of the Board.

The Board has adopted a code of conduct so that conflicts of interest are identified and avoided<sup>i</sup> and has also adopted a procurement policy<sup>1</sup>.

The Members of the LLP meet at least quarterly to discuss the affairs of the LLP and the progress towards achieving the objectives in the Business Plan.

The following two parts describe the work of the Board during the period since the last since the Business Plan was last approved by the Council and gives a brief overview of the likely work in 2022/23.

#### 4.2 THE WORK OF THE BOARD

The Board has met formally five times since the beginning of the calendar year. The minutes of the Board meeting are available for public inspection on the Otterpool Park website.

The Board also receives informal briefings from the staff of the LLP on a range of topics including finance, planning and long – term stewardship. In addition, the chairman of the Board attends the members' meetings with the Council and OPDC.

The Board has continued its work started in May 2020 in making sure that the LLP's internal processes and governance are "fit for purpose"

---

<sup>i</sup> Board decision 15 July 2020 minute 3

<sup>ii</sup> Board decision 15 July 2020 minute 4

recognising that the Council, as it is investing a lot of public money in the project, needs to be assured that the governance of the LLP is sound.

It has thus considered and amended the scheme of delegations to enable the LLP to work effectively whilst at the same time ensuring that decisions are taken at the right level. In addition, the Board has approved a staff handbook containing the human resources policies of the LLP so that the LLP can recruit and retain staff it employs rather than relying solely on staff seconded from the Council.

In parallel with work on the internal governance and policies of the LLP the Board has considered key issues vital to the progress of the project. It has approved the entering into of a Strategic Land Agreement, one of the key instruments governing the relationship between the Council and the LLP. It has also approved the method of procuring the on – site wastewater treatment works; one of the major pieces of infrastructure necessary for the project. As noted above a staff a handbook has been approved enabling staff to be recruited.

The Board received formal reports and informal briefings on the financial position of the LLP, recognising as it does the vital need to understand and keep track of the financial performance of the LLP. The Board recognises that the LLP is to trade for profit and that the Council expects a return for its investment in accordance with the various projections.

#### **4.3 ANTICIPATED WORK**

As the project moves from the enabling or preparatory stage the work of the Board will alter accordingly. Supported by the newly appointed Head of Finance the Board will continue to ensure it has a good understanding of the finances of the LLP. In addition, it will consider the various financial instruments with the Council that will need to be entered into for the project to proceed and be satisfied on the financial implications for the LLP.

Under the Strategic Land Agreement, the Board will consider Phase Delivery Strategies which will be required before the Council transfers land to the LLP to enable it to be developed. In addition, it will consider and submit for the Council's approval proposals for the long-term governance and stewardship of communal assets and consider the terms of the planning agreement for the site.

#### **4.4 THE BUSINESS PLAN PROCESS**

The Board will, every five years, approve a Business Plan. The Business Plan will have a five-year duration with annual updates. The Business Plan and its updates will be approved by the Board for submission to the Council in December / January of each year. This will enable any budgetary implications to be considered by the Council for inclusion in the budget for the subsequent financial year.

## 4.5 DISTRIBUTION OF SURPLUSES

Each year the Board will meet to decide what proportion of the net profits (if any) should be retained for the working capital reserves of the LLP and for reinvestment in the LLP in accordance with the Business Plan. The remainder will be distributed to the members in accordance with the proportion each member is entitled to, currently the Council is entitled to 99.9% and the Limited Company 0.1%.

## 4.6 STRATEGIC LAND AGREEMENT

The foundation of the arrangements between the Council and the LLP is a Strategic Land Agreement (“the SLA”). This is intended to be as flexible as possible to account for the long-term nature of the project.

The SLA provides the LLP with a call option over the Council’s land interests at Otterpool Park.

The SLA is flexible on:

- **Timing** – in terms of its overall duration and when the call options are exercised during that contractual term.
- **Subject matter** – in relation to which one or more land interests (in whole or in part) the call option is exercised by the LLP at any one time.
- **Outcome** – in terms of what the LLP exercising its call option in relation to one or more land interests results in i.e., that could be a land transfer to the LLP or a transfer to another third-party nominated by the LLP (e.g., a house builder).
- **Payment** – in terms of both the nature of the consideration and when it is payable (e.g., is it deferred?).

Where the LLP acquires one or more land interests from the Council under the SLA, it will fund those acquisitions either:

- (i) pursuant to a debt facility from the Council or from another third-party lender, or
- (ii) the land interest/s could be transferred in consideration of loan notes from its Members (Owners) (at the value of the land interest(s) in question) being issued by the LLP to the Council.

Subsequent transfers of land pursuant to the LLP exercising its call options under the SLA will be subject to the satisfaction of certain pre-conditions – e.g., planning permission, viability, funding, site/phase Business Plans.

On 20 January 2021 the cabinet of the Council resolved that the Council should enter into a Strategic Land Agreement with the LLP. The Agreement will be completed shortly.

As stated in the report to cabinet the Strategic Land Agreement is a flexible document which is necessary because of the wide variety of transactions envisaged. Essentially though the Strategic Land Agreement gives the LLP at the right to “call” for the land the Council owns to be transferred to the ownership of the LLP (or elsewhere – see below).

Before the Council transfers land, it will have to be satisfied that it should do so. The LLP will prepare, for each phase or sub – phase, a Phase Delivery Strategy.

Each Phase Delivery Strategy will be approved by the Board before submission to the Council for approval. Each strategy will address the following areas:

- A summary review of the Phase demonstrating that it can be delivered in accordance with the Business Plan. This summary will include, where relevant, the strategic and planning context of the site, a description of the proposed development, design, accommodation, and planning risk
- An identification of the infrastructure requirements
- The funding requirements and strategy
- How the various land sites within the phase or sub - phase will be dealt with
- The site conditions
- A commercial appraisal
- Risk register
- Action plan

### **Communal Assets**

Section 4.7 describes the LLP’s proposal for a long – term stewardship body for communal assets. The LLP has taken advice to determine the most tax efficient way of transferring the land for communal assets from the Council. The preferred method is to transfer the land for the communal assets directly to the stewardship body.

### **Options**

The Council has the benefit of options to purchase areas of land. The LLP and the Council will agree a strategy for exercising these options setting out the sequence and timing. This will be the land acquisition strategy referred to in the Strategic Land Agreement.

## **4.7 LONG-TERM GOVERNANCE AND STEWARDSHIP**

The Council has set out its principles for the long – term governance and stewardship of community assets. Since the approval of the Business Plan, further work has been undertaken on the long – term governance and stewardship of community assets. This part of the Business Plan describes



the matters that will be brought to the Council for approval. Set out below are the main elements that will be set out in the report to the Council's cabinet.

### **Proposed Form of the Governance Body**

The proposals that will come forward will be for a Governance Body that is a subsidiary of the LLP and be formed as a company limited by guarantee. This will not preclude a change to a different form of Governance Body at a later stage, perhaps being reconstituted as a charity or its functions taken over by a future town council for the area.

There are, however, reasons for the Governance Body being a subsidiary of the LLP, for example to simplify relationships and ensure quality control.

The structure of the Governance Body will ensure that the community can have a say in its decisions and the way it operates.

### **Community Assets**

The report to cabinet will identify the Community Assets that will be transferred to the Governance Body in phase 1 of the development and, as importantly, identify those assets that will require separate treatment, for example Westenhanger Castle will require different treatment.

### **Funding**

The Governance Body will be funded, it will be proposed by rent and service charges paid for by the residents and commercial operators of the development as well as from other income generating assets, for example from car parks. The report to cabinet will set out the likely costs to residents and commercial operators as well as setting out provisions to ensure that such charges cannot increase unreasonably over time.

# 5. RESOURCING STRATEGY

## Otterpool Park LLP 2021 – 2026

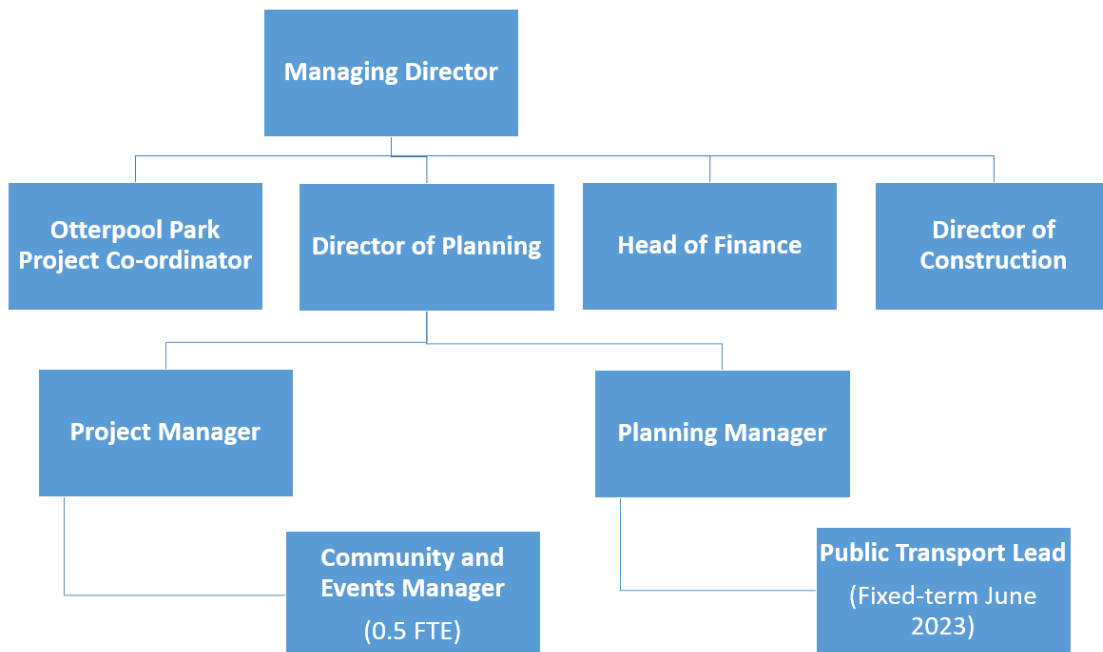
The human resource requirements of Otterpool Park LLP over the current plan period and the strategy for providing those resources.

### 5.1 BACKGROUND

The Business Plan outlines a resource strategy based on a blended approach, utilising a mixture of internal resource (seconded council staff and direct hires) along with a range of interim management, consultants and contractors appointed on a contract basis or through partnership arrangements. In terms of internal resource, there were initially six members of staff working on behalf of Otterpool Park LLP, all of which have been seconded from Folkestone & Hythe District Council for the duration of the current plan period. The Board meeting of 19 February 2021 approved these secondments, the job titles and line management responsibilities, and therefore the initial operating structure of the company.

As noted in regular Board updates, the LLP has been actively recruiting to further positions this financial year to fulfil the most immediate and pressing staffing needs. A Director of Construction and a Head of Finance, two vital senior positions in the organisation, have been recruited. A Community and Events Manager has been appointed on a part-time basis to undertake a proportion of the recently vacated Community Services Delivery Manager position. A Public Transport Lead has also been appointed on a secondment arrangement from Folkestone & Hythe District Council.

## 5.2 OPERATING STRUCTURE 2021/22



As the project progresses, further and different resources will be required to reflect the changing priorities, milestones and growth of the organisation. The LLP will need to consider the most efficient and effective means of acquiring those skills and the strategy and operating model that guides that approach.

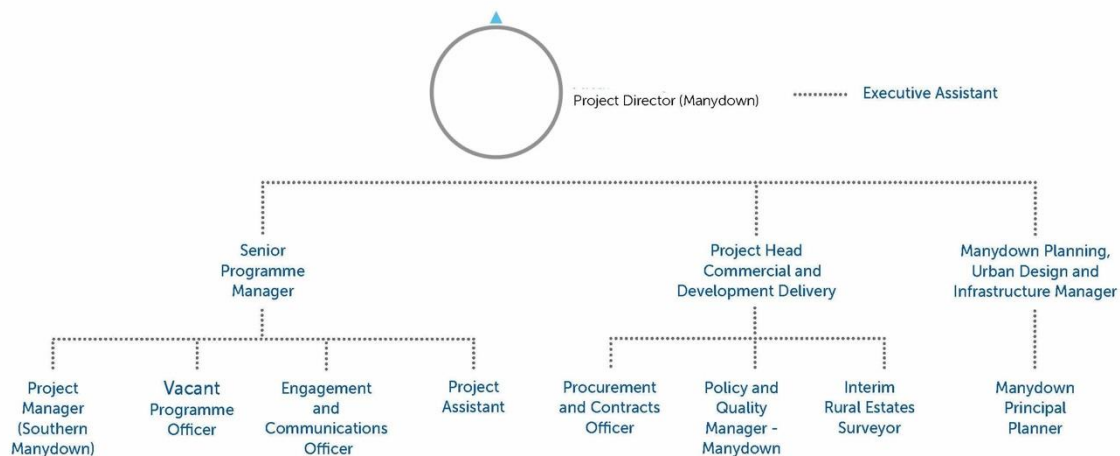
## 5.3 RESOURCE STRATEGY – A COMPARISON OF OPERATING MODELS

While direct comparisons of staffing structures with other development companies is problematic because of the differing scope, scale of developments and agreements in place, there appears to be two broad approaches that the LLP could take; a smaller more flexible staffing structure that heavily utilises external support and partnerships, or a model that provides greater internal support and resource and therefore more direct hires.

### Example Staffing Structure: Manydown Development Vehicle LLP

Planning permission was granted in July 2020 for Manydown, a development of up to 3,520 new homes and associated community facilities that aims to welcome residents within the next three years. While Otterpool Park is a more sizeable development, there are many similarities with Manydown Development Vehicle LLP, which is a partnership between two local authorities (who act as both the landowner and planning authority), master developer Urban & Civic, and The Welcome Trust, a charitable foundation dedicated to improving public health. As a result of these partnership arrangements, Manydown's operating model provides a useful example of a lean staffing structure focused on overseeing the management of the programme and contractual arrangements. Urban & Civic have been

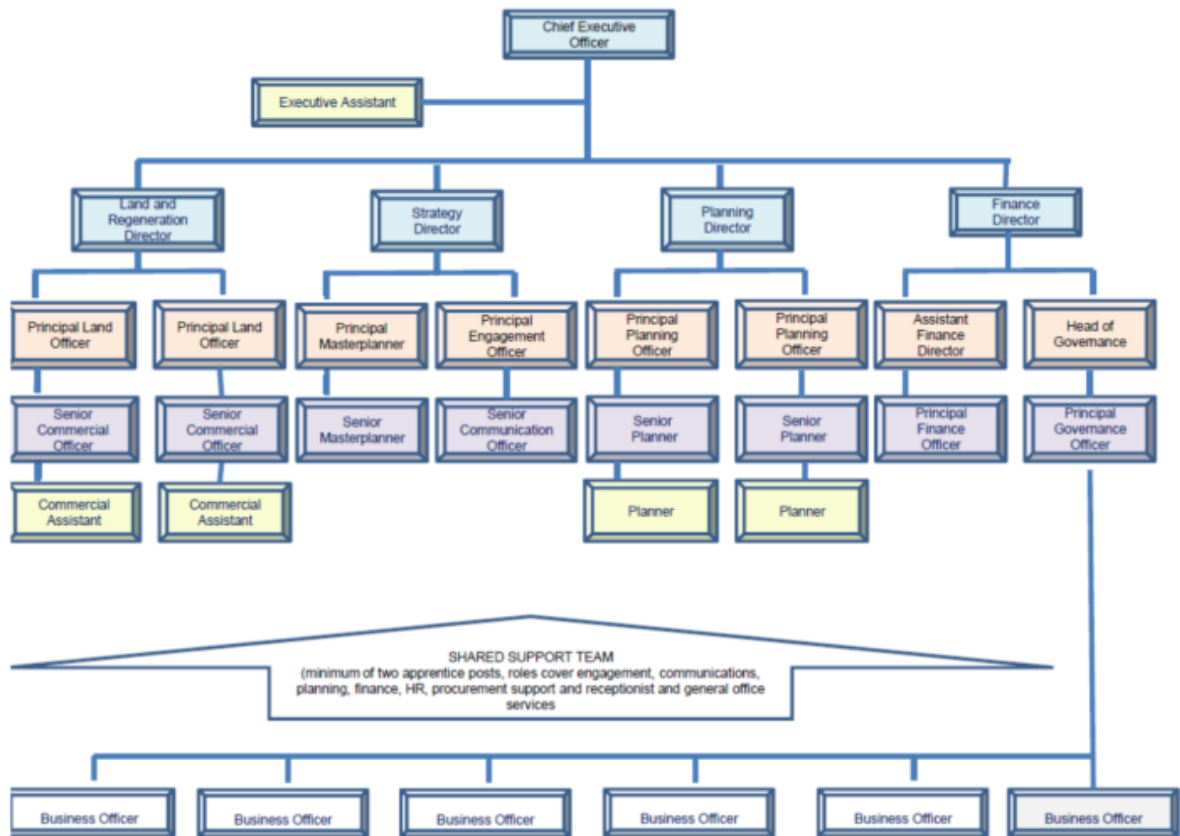
contracted to lead on the operational delivery of infrastructure and amenities along with community engagement activities, while other specialist support and services are predominately procured on a contract basis or provided by the local authorities.



Source: [Staff structure chart - June 2021 \(basingstoke.gov.uk\)](http://basingstoke.gov.uk)

### Example Staffing Structure: Ebbsfleet Development Corporation

In contrast, Ebbsfleet Development Corporation has a much larger base of directly employed staff and, therefore, a more complex staffing structure. The project, announced in 2014, is further advanced than Manydown, with building work underway in several areas of this garden city that will deliver 15,000 new properties by 2035. Initially starting with 20 posts, by 2020/21 the structure consisted of 44 permanent positions organised across four distinct teams: CEO’s Office, Projects, Planning, and Finance & Corporate Services. The organisation’s size and operating structure is, however, partially reflective of its corporation status, which has resulted in regularity and other support services all being provided internally. Finance & Corporate Services, for example, consists of a Finance Director and four senior Governance and Finance positions, along with a large support team covering roles such as engagement, communications, planning, finance, HR procurement support and general office services across the organisation. The planning team, consisting of seven posts from Director level to Planning Officer, is also reflective of the corporation’s role as the local planning authority for Ebbsfleet Garden City. While there are some similarities between the positions required across all organisations such extensive specialist resources and support services will not be required on a permanent internal basis by the LLP.



Ebbsfleet Development Corporation as at c.2016  
 Source: Homes & Communities Agency: Advisory Team for Large Applications (ATLAS)

When considering the most appropriate model for Otterpool Park LLP, research undertaken by the Homes & Communities Agency<sup>2</sup> found that, while it is fundamental that core skills are embedded from the start, initially complex team structures often prove difficult to sustain. This is particularly the case when they are set up from scratch. While the Ebbsfleet example provides a much larger permanent staffing structure, this is reflective of its role in discharging statutory functions as well as the need to incorporate governance functions and business support teams into its operating model; delivering through partner organisations and additional specialist support from external contractors remains a requirement. A resource strategy that supports incremental growth and a smaller nucleus of key permanent staff, engaging different degrees of specialist contractor and consultancy support as required in the different phases of the project (akin to the Manydown example) would therefore be the LLP’s preferred strategy.

<sup>2</sup> Homes & Communities Agency, Advisory Team for Large Applications (ATLAS), presentation entitled “Examples of delivery team structures for large scale projects”.

## 5.4 CORE POSITIONS, SKILLS AND WORKSTREAMS

Comparisons of similar development companies and research undertaken by the Homes & Communities Agency has been considered alongside outline advice given to the LLP by specialists within the field of executive recruitment and real estate to identify core workstreams and the key skills and common positions required by similar development companies. The following outlines these and assesses where the LLP may require further internal resource within the context of the resource strategy considered in 5.0.

### **Planning and design, including planning and landscape strategy**

In line with the immediate priorities and stage of the project, the current resources within the team LLP team are focused on planning and design expertise. However, there may be the requirement for further support to the current team in the form of a technician or assistant type role.

### **Programme & Project Management; Infrastructure and utilities design, procurement and delivery; Relationship management and commercial partnerships**

A senior Programme Quantity Surveyor position focused on commercial and development delivery, overseeing consultancy arrangements and the contractual and financial aspects of the programme was deemed immediately required in order to advance the project to the next phase. As such, the LLP have undertaken activities to recruit to this role. In line with similar operating structures, further project and contract support positions will also be required to support this work.

### **Transport planning**

The Company has recruited the services of a Public Transport Lead via an additional secondment agreement with the Council.

### **Governance, monitoring and due diligence, including legal services**

The LLP has procured specialist legal, accountancy and IT services and entered service level agreements with Folkestone & Hythe District Council for further provision of financial, legal and HR support.

The LLP is also progressing with the creation of a Governance and Stewardship Body (see 4.7 above) and will therefore require a position to, amongst other aspects, set this up and manage and undertake key community development activities.

### **Finance, accountancy and business planning**

Financial support was previously provided via an SLA agreement with the Council. However, the company's requirements have outweighed this arrangement and a Head of Finance position has now been recruited to. The requirement for further resource to support financial processes, possibly contained within the duties of the assistant type role cited in planning and design resources and business and administrative support resources sections above and below, has also been identified.

## **Communications and public relations; Community engagement**

An internal communications, marketing and public relations resource is common in similar structures and will enable the LLP to reduce associated consultancy costs.

In April 2021 the initial operating structure included a full-time Community Services Delivery Manager position. After the departure of that post holder, the resource need was re-evaluated as one post was not sufficient to cover the diverse responsibilities and skill sets required. A part-time Community and Events Manager has subsequently been recruited with a view to engage further resources to support the management of community services and engagement over the course of next year.

### **Business and administrative support**

The Project Co-ordinator provides project as well as general business and administrative support. However, greater administrative support is likely to be required as the company develops, which may be combined with duties to support planning, community engagement, and finance functions. Apprenticeship position(s) may also be a consideration of the LLP.

### **Specialist technical disciplines, such as relating to climate change and energy, air quality, noise, and ecology**

It is envisaged that obtaining specific and specialist technical advice and support is likely to be through consultancy and contract arrangements.

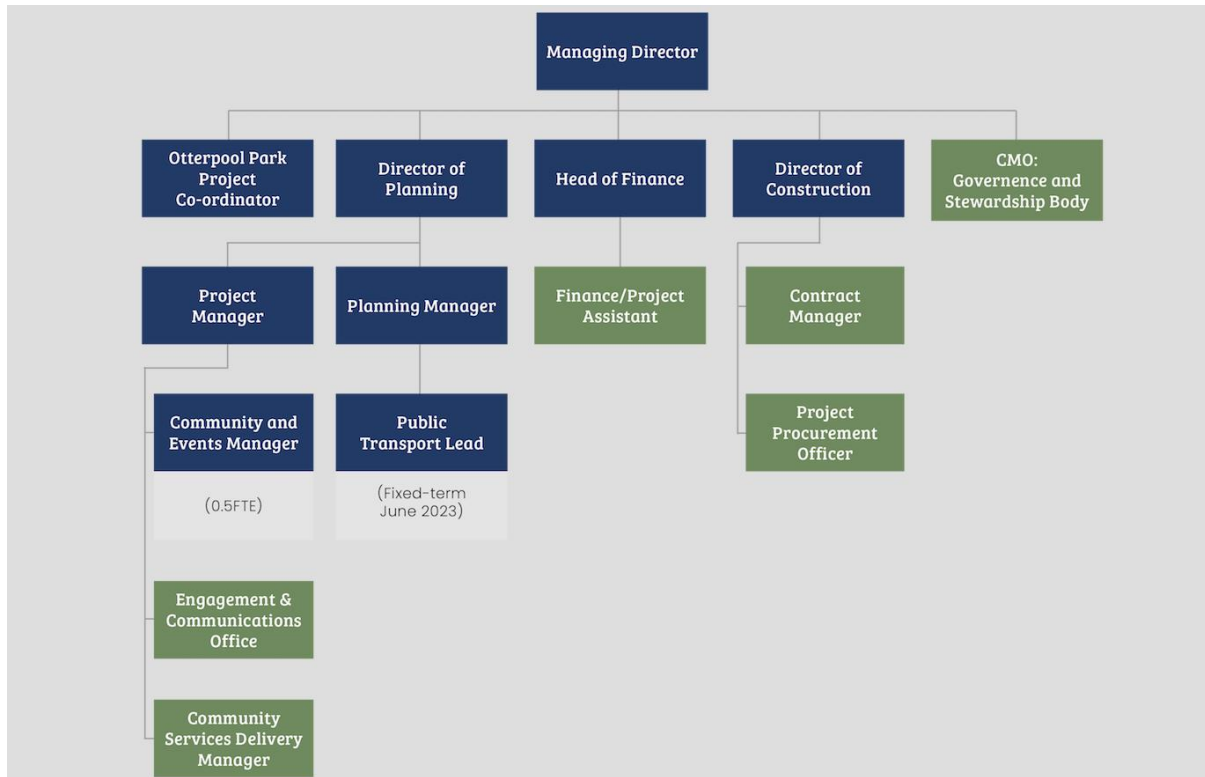
## **5.5 RESOURCE REQUIREMENTS**

In line with the review of common core positions, skills and workstreams in the 5.4, the following posts will be recruited by the LPP directly over the plan period:

<b>Indicative Post Title</b>
Contract Manager
Project Procurement Officer
Finance / Project Assistant
Engagement and Communications Officer
Community Services Delivery Manager
CEO of Governance and Stewardship Body

The following structure chart indicates how Otterpool Park LLP is likely to grow over the course of the next 12 months.

## 5.6 OTTERPOOL PARK LLP 2022/23



## 5.7 FUTURE REVIEW

While the above positions are envisaged as providing the LLP with the core internal skills initially required, the operational structure and staffing needs is expected to continue to develop throughout the lifetime of the project and will therefore be subject to continued review.



# 6. STAKEHOLDER RELATIONS

## 6.1 STAKEHOLDER ENGAGEMENT TO DATE

For all development, early consultation is critical to the planning process, and especially so when the development proposed is at a garden town scale. One of the criteria for a successful bid to the Government's Garden Cities, Towns and Villages programme was to be able to demonstrate local support, and this is something the Council took seriously from the inception of the proposed garden town.

Early meetings were held with local partners including the Kent Invicta Chamber of Commerce, East Kent College, parish councils, Folkestone and Hythe Business Advisory Board and politicians at local, county and national level before the bid was submitted. Many stakeholders submitted letters of support that were included in the bid, including the local MP. The intention to bid for garden town status received unanimous support from Council members at the Council meeting of May 2016.

Since then, the masterplan and planning application has been the vehicle to engage with a wide range of stakeholders. Use of social media and development of the Otterpool Park website ran alongside a series of drop-in events, workshops and briefings for local residents and stakeholders. The team has held workshops with primary and secondary schools and worked with college and university students. Early engagement allowed proposals to be explained to interested parties, stakeholders and local residents. It was also an opportunity to explore and seek solutions to various issues at an early stage, with the intention of gathering and testing ideas, reducing conflict and raising and resolving problems. Overall, it resulted in a better-quality planning proposal.

The team worked closely with two consultants who were initially appointed to lead on communications and community engagement for the planning application - Property House Marketing and Kevin Murray Associates. The overall strategy was aimed at reaching as wide a demographic as possible – young and old; the working population and those living locally and further afield. The programme of engagement activity is set out in the Statement of Community Engagement within the planning application.

Since 2018, marketing communications and engagement has been led by Pillory Barn, who will continue to work with the LLP.

Engagement and collaborative working with the LPA continue to be important for such a significant project. Separately the Council also meets regularly with a range of local stakeholders, including Kent County Council, parish and town councils, the MP, the Local Enterprise Partnership, local

amenity groups and other interested parties. It has met with most of the individual households living within the planning application area.

The aspiration for the past 12 months was to expand engagement beyond the masterplanning work to embrace a wider range of people, both in the local community and professional stakeholders including the development industry. Covid restrictions inhibited some activities, but also led to innovation in the delivery of virtual engagements and progress has been aided with the appointment of a Community and Events Manager (a part time post).

The LLP has also been discussing and supporting parishes in developing their own schemes. Lympne PC has set out a proposal to Homes England for an airfield memorial park on green space adjacent to the village, which the LLP is supporting. Discussions continue with Stanford PC over the design and future management of the buffer land around Westenhanger, and more broadly on mitigating the impacts of development on existing residents.

Engagement activity this year has included a virtual engagement to present plans for phase 1 which was well-attended by local residents and stakeholders. A follow-up survey has been useful in informing the onward direction of these plans.

The extensive engagement in the preparation of the phase 1 masterplan involved the local planning authority, Council Members, parish councils, economic and retail experts and local businesses including Holiday Extras. This resulted in feedback from a much wider range of people over a greater area and proved an excellent means of widening awareness and marketing of the site, but less in-depth feedback other than those stakeholders who had been directly involved. The pros and cons of virtual public consultation will feed into future planning activities.

Political engagement at a national level is being deployed by the Terrapin Group, with a number of briefings, roundtables and a monthly newsletter completed. Sustained visibility and engagement with a range of Government departments will remain a key part of the engagement strategy.

Strange Cargo, a local participatory arts organisation was commissioned to deliver learning and engagement activities within the community on the theme of heritage, using local community venues and Westenhanger Castle. This culminated in a very successful open day at the castle with over 150 visitors. An Otterpool Park history game has been made that has been issued to local schools in autumn 2021.

The LLP commissioned our consultants Arcadis to deliver a presentation on the heritage of the area to a local community heritage organisation in November 2021.

Engagements with a new virtual community made up of community stakeholders and local businesses have continued, providing sentiment on a number of topics that are informing development plans.

Julia Wallace from the LLP gave a presentation to industry-professionals and participated in a panel discussion at the Garden Villages and New Towns conference held at Kensington Town Hall. The LLP has also contributed to the annual Kent Property Market Report, published in autumn 2021.

Engagement activity has been captured in The Statement of Community Involvement (SCI) by our consultants Quod.

## 6.2 FUTURE STAKEHOLDER ENGAGEMENT

### Stakeholder mapping

Stakeholders have changed as the Otterpool Park project has progressed during the past few years. Stakeholders vary from those with a specialist role in for example health, through to voluntary sector organisations and members of the local community.

One of the core principles of a garden city is around engagement, and the LLP is committed to achieving this.

While some people will only wish to be kept informed rather than participate more actively, the LLP is exploring a range of opportunities for working with local stakeholders and existing/future residents, for example:

- Ongoing work with parish councils on masterplanning each phase of development.
- Involvement in heritage through community archaeological digs and projects at Westenhanger Castle.
- Working with partners such as White Cliffs Countryside Projects to involve volunteers in environmental improvement projects.
- Community arts projects.
- Ensuring local representation on the governance body responsible for long-term management and maintenance of assets, including green space and community buildings. The potential to establish a town council in future has also been protected.

Otterpool Park will have a significant impact on current and future service planning for the Council itself, and the ongoing working relationship between the LLP and Council officers in planning and delivery of these services (beyond the Local Planning Authority) is important. The team will achieve this through regular meetings with key officers and landowner meetings.

### 6.3 COMMUNITY DEVELOPMENT

An important consideration for a new community is how to ensure that new residents feel welcome, supported and can form social bonds within their new community. Forging relationships between existing and new communities is also important.

The Otterpool Park team has looked at some examples of good practice and lessons learned from other garden towns and this work will continue and inform the community development strategy. It is important that, in addition to identifying and meeting stakeholder aspirations for Otterpool Park to become a vibrant community, the LLP also investigates the potential challenges for a new community for example mental health needs, potential isolation, debt, domestic abuse etc. The LLP will work with stakeholders locally and in third sector organisations and the Council to map challenges and suggest mitigating strategies. Innovative and creative ways to secure and maintain community engagement for example through events, competitions, dedicated radio/TV channels; social media and the Virtual Community to inform plans and feedback ideas to the Otterpool Park process will also continue to be explored.

### 6.4 STAKEHOLDER COMMUNICATIONS

Communication in the early days of the project was aimed locally, providing local stakeholders and the public with information, giving the opportunity to be involved and responding to concerns and objections. As Otterpool Park moved from an idea to a deliverable new town the strategy for communications has aimed to reach a wider audience regionally and nationally, promoting the site to potential developers, investors and future residents. This continues to be a primary objective, particularly increasing the reach to younger people and London-based businesses around St Pancras.

Pillory Barn has implemented communications and engagement since 2018 and has successfully helped the team set out the vision of the town; rebrand Otterpool Park in line with its 'Countryside, Connected, Creative' messaging, create a new website, create marketing literature including a Vision document, run/participate in several events, generate media coverage, manage media enquiries and expand social media reach.

Milestones this year (2021) have so far included:

- Preparing the Vision document and Investor Prospectus.
- Optimising website content and search rankings.
- Redesigning and refreshing the website to reflect key Live, Work, Invest and Place content.
- Creating a dedicated phase 1 area of the website.
- Delivering Covid-safe engagement activity in the form of a virtual public exhibition on phase 1.

- Local media engagement including a site tour with the editor of the Folkestone Herald.
- Sentiment surveys to the virtual community.
- Communications to promote the Strange Cargo community engagement events.
- Creating monthly newsletters and a brochure to support political and public affairs engagement touch points.
- Creating a new housebuilder newsletter.
- Securing a speaker opportunity at the Garden Villages and New Towns Conference.
- Securing content in the annual Kent Property Market Report.

Otterpool Park's communications and engagement strategy includes:

- Continued visibility and engagement with relevant Government departments.
- Developing a series of community-focused initiatives and events and communicating these to ensure attendance.
- Driving increased visits to the website and stakeholder data capture.
- Ensuring Otterpool Park website ranks highly for search and enriching website content accordingly.
- Bi-monthly surveys to the virtual community and analysis.
- Running a consultation event at the time of planning application.
- Communications and engagement activities relating to planning application approval, subject to this being the case.

In addition, each team member continues to be responsible for communicating with their own contacts within businesses, developers, agencies and community groups.

## **6.5 LEARNING FROM ELSEWHERE**

With such an ambitious, long-term project, learning about best practice from elsewhere is vitally important, particularly where innovative and forward-thinking ideas are being tested. Study visits have been run since 2016 for Councillors, officers and other partners. Officers have met with a range of different public and private sector colleagues who have been involved with planning and delivering major sites, including other Council-led developments.

Over the next 12 months the team will continue to be involved with the Garden Communities Forum run by Homes England, which offers a range of different learning opportunities. Colleagues in Ashford continue to be generous with their time, sharing lessons learnt from Chilmington Green, in particular on long-term stewardship. Learning will increasingly be focussed on specialist issues as individual projects take shape such as designing and building the health centre and first school. Priorities for learning this year include designing for low carbon development and sustainable transport.

# 7. THE MARKET

## 7.1 INTRODUCTION

This section has been prepared in order to assist Otterpool Park LLP with an understanding of the current development land market and wider housing markets within Kent. This section is an update to the original appendix of the Business Plan and is prepared for internal purposes only for the Business Plan Stakeholders.

The current planning application and vision states that Otterpool Park is an opportunity to create a genuinely landscape-led garden settlement that integrates with the existing communities as well as the rural surroundings, to provide new homes, employment, retail, social infrastructure, community and leisure facilities. It strives to achieve high levels of sustainability, in a manner that integrates and benefits the wider district.

This report sets out BNP and Strutt & Parker's opinion of the Kent development land and housing markets and their combined opinion of exit values for Otterpool Park.

## 7.2 THE MARKET

### SUMMARY

- The prime Minister's roadmap out of the third national lockdown was announced on 22 February 2021. On 19 July 2021, all restrictions in the roadmap were removed despite fluctuating movements in the number of COVID-19 cases.
- The Chancellor's Winter Economy Plan included a six-month Job Support Scheme, as well as other tax cuts and grants/loans to support businesses. As part of the March 2021 budget, the furlough scheme was extended to September 2021. This is a later date than the final step of the roadmap, which would provide some additional protection against any delays to the reopening of the economy or offer some transitional support as businesses scale back up. Additional measures announced in the March 2021 budget include widening access to grants to include 600,000 more self-employed people and additional funding for vaccine distribution. Importantly for the housing market, the Stamp Duty holiday was extended in England until the end of June 2021 and was finally tapered down, closing in September 2021.
- The FTSE ended 2020 15% down on the start of the year. The index was flat over January and February 2021 but did increase by 4% over March. Steady gains continued into Q2 2021 as the index was up by 8.9% (compared to the start of the year) at the beginning of July. As at the date of this report, the FTSE is at 7,205 which is up 30.4% over the last 12-months.
- The latest HM Treasury consensus forecasts, released in June 2021, have an average estimate of 6.8% for 2021 and 5.4% for 2022. The recovery predicted for 2021 and 2022 demonstrates that most forecasters expect the

fundamentals of the economy to remain strong and for it to be able to return to growth once the current situation has passed.

- National house prices defied expectations, growing by 10.3% in the year to Q2 2021, exceeding the growth in the year to Q1 2021 (6.3%). The latest quarter was the highest YoY growth since the year to Q3 2014. As such, since the original appendix 3 of the 2020 Business Plan, house prices have continued to grow on the back of increased demand, particularly from London and outside Kent, limited supply, SDLT savings and a more buoyant and confident market.
- The impact of the first group of restrictions as a result of the pandemic were felt over the historically busiest three-to-four months of the year, meaning Q2 2020 saw the lowest sales transactions ever recorded. However, the latter half of 2020 and start of 2021 recovered some of these losses. The recovery has continued to gain momentum into the second half of the year as Q2 2021 saw the highest transactions since Q4 2013. The record-setting trends in recent transaction levels have been linked to the extension of the stamp duty holiday as buyers rushed to purchase homes before the holiday drew to a close at the end of the summer.

Agents reported that Q3 2021 was a third consecutive strong quarter. Trade from international buyers is still restricted, but domestic buyers have more than filled the gap in the majority of London prime markets. Everything is positive except for stock, which is constrained, especially in the regions. Properties that are best in class will likely experience growth of more than the best case forecast of 5%. Unemployment remains a key uncertainty, however, which may come to the fore once the furlough scheme ends. The PCL forecasts are retained at growth of between 0% and 5% over 2021, and the forecasts are upgraded to between 5% and 10% for the UK over 2021.

### **7.3 ECONOMIC OUTLOOK**

In 2021, some countries (including the UK) had to reimpose further lockdowns as the spread of the virus increased. McKinsey<sup>1</sup> recently reported that, across Europe, approximately 26% of total employment is at risk.<sup>2</sup> Across European sectors, this ranged from agriculture (4%) to accommodation and food (77%) with real estate below average at 17%. Even when the health concerns of the coronavirus pandemic are curtailed, the pandemic has the potential to result in persistent social and behavioural impacts, changing attitudes to travel and human interaction.<sup>3</sup>

A third national lockdown was announced on 4 January 2021. The roadmap announced on 22 February 2021 allowed for gradual reopening of the economy from late March. In any event, the housing market has stayed open throughout this lockdown, with safety measures in place to reduce the spread of COVID-19. All restrictions were removed on 19 July 2021.

Moving away from Coronavirus, the Brexit Transition period ended on 31 December 2020. On the 24th December 2020, the negotiators from the EU and UK reached an agreement on a new partnership which sets out the rules

that apply between the EU and the UK as of 1 January 2021. This agreement has been approved by the EU member states and the UK Parliament and provisional application of the agreement took effect on 1 January 2021. In response to the deal, the FTSE 100 rallied on the first day back of trading after the Christmas break.

In the OBR's latest forecast (March 2021), growth for 2021 is projected at 4%, lower than the 5.5% which was forecast in the November 2020 forecast. This is less optimistic than the June 2021 HM Treasury consensus forecasts which have an average estimate of 6.8% for 2021. However, for 2022, OBR projects growth at 7.3%, which is more bullish than the HM Treasury consensus forecasts of 5.1%. The recovery predicted for 2021 and 2022 demonstrates that most forecasters expect the fundamentals of the economy to remain strong and for it to be able to return to growth once the current situation has passed.

In their central scenario, the Monetary Policy Committee expects recovery to pre-pandemic levels over the course of 2021 as restrictions continue to be loosened.<sup>5</sup> The OBR's forecasts for peak unemployment were revised after the March 2021 budget, with unemployment expected to peak at 6.5% in 2021, lower than previous estimates. The latest estimates from the HM Treasury consensus forecasts are slightly more optimistic, with a predicted average unemployment rate of 5.7% for 2021, decreasing to 4.9% over 2022.

The latest figures from the ONS show that inflation (CPI) as of June 2021 is 2.4%. This is 0.4 percentage points above the 2.0% target, which was exceeded for the first time since July 2019 in May 2021 (2.1%). The June 2021 inflation rate was significantly above the year before (0.8% in June 2020). According to the ONS, recent inflationary pressure is mainly attributed to a rise in transport prices, as well as clothing, recreational goods and food & drinks.

The Chancellor has announced an unprecedented package of Government-backed interventions aimed at supporting businesses and individuals through the current situation. As part of the Chancellor's Winter Economy Plan, there will be a new six-month Job Support Scheme to protect viable jobs in businesses that are facing low demand due to the virus, an extension of Self Employment Income Support Scheme, and over one million businesses will get flexibilities to help pay back loans.

<sup>1</sup> Mckinsey & Co, 2020. Safeguarding Europe's livelihoods: Mitigating the employment impact of COVID-19

<sup>2</sup> Formally defined as at risk of reductions in hours or pay, temporary furloughs, or permanent layoffs

<sup>3</sup> Mckinsey & Co, 2020. Reimagining Work Life After Covid-19

<sup>4</sup> Bloomberg, 2020. U.K. Markets Rally in First Full Trading Day After Brexit Deal. Retrieved from <https://www.bloomberg.com/news/articles/2020-12-29/u-k-markets-rally-in-first-full-trading-day-post-brex-it-deal>. Accessed January 2021.

<sup>5</sup> Bank of England, May 2021, Monetary Policy Report



## 7.4 PROPERTY OUTLOOK

### NATIONAL MARKET

According to the Nationwide House Price Index (NWHPI), UK property prices grew by 10.3% in the year to Q2 2021, exceeding the growth in the year to Q1 2021 (6.3%). The latest quarter was the highest year on year growth since the year to Q3 2014.

The May 2021 Bank of England report states: “Housing market activity was strong, in particular for people wanting to move out of cities to larger properties. Buyer confidence was supported by Government measures to increase the availability of high loan to value mortgages and the extension of the transaction tax holiday in some parts of the UK. But the supply of properties available for purchase remained constrained, pushing up house price growth. Contacts also reported a shortage of rental properties around most of the UK, although the rental market in London had cooled.”<sup>6</sup> Evidently, Government backed initiatives and measures have had a significant impact on the recent trends in the housing market.

Further to the Chancellor’s Spending Review speech on 25th November 2020, the statement allowed for £20 billion in multi-year capital investment for the long-term housing strategy which includes:

- National Home Building Fund with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes, including:
- £4.8 billion of capital grant funding, including for land remediation, infrastructure investment, and land assembly.
- Delivery of the Brownfield Fund, announced at the Budget.
- An additional £100 million in 2021-22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates, and releasing public sector land – including serviced plots for self and custom builders.
- £2.2 billion of new loan finance to support housebuilders, includes Help to Build for custom and self-builders and funding for SMEs.
- Re-confirming £12.2 billion for the Affordable Homes Programme - delivering up to 180,000 new homes for affordable homeownership and rent, now with a larger proportion outside of London.

**6 Bank of England, May 2021, Monetary Policy Report**

## 7.5 FORECASTS

The economy proved itself more resilient over the last 12-months than the early forecasts had anticipated. UK-wide house price growth was stronger than the best-case scenario.

At the UK level, price growth has been extremely strong. Growth would have to be flat for the rest of the year to see annual growth of just 5% (the previous best-case forecast). Agents report continued lack of stock and state that demand still exists in the market. These are expected to lead to further price rises, albeit at a slower rate than this quarter's results given the end of the stamp duty holiday and a correction in the market after such high price growth. This activity is expected for years; as there has been a permanent shift in behaviour and lifestyles, and the market will take time to adjust to that. The forecast for Q4 2021 is therefore revised upward to between +5% and +10%, and the five-year cumulative forecast is also revised upwards to between +20% and +35%.

Agents report that the market is increasing in activity, but some of this is expected to slow after Q3. The best- and worst-case scenarios are both marginally revised upwards to 0% and –8% for 2021, and the cumulative five-year forecasts are upgraded slightly to between 6% and 19%.

Area	2021		5 yrs to 2025 (inc)
	Best case	Downside Risk	
<b>Sales</b>			
UK	10%	5%	20% to 35%

## 7.6 CONCLUSION

The continued strength of Q3 2021 sales has maintained the positive sentiment that came to fruition in the previous quarter. The market is at some of its strongest levels ever seen in terms of price and transactions, although stock is low in the regions.

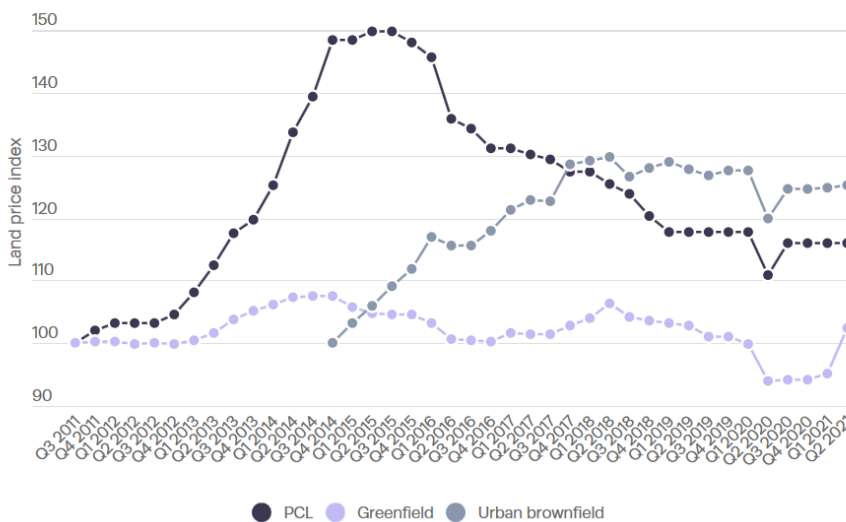
House prices continue to rise, particularly in this part of Kent, which is within striking distance of the main commuter hubs, including Ashford. Demand for workers looking for a work-life balance has driven up values within ten-miles of Ashford, Canterbury, Ebbsfleet and Folkestone, typically 10% above Q3 2020 levels. However, this rise in market housing values has not fully filtered through to the wider development land market, largely due to the rising cost of materials and labour, which is curtailing housebuilder activity at a local level.

Despite cost challenges, demand for land has increased over the last quarter as all players continue to seek land opportunities. Against a backdrop of limited stock, there is pent up demand and increased competition for sites. Although appetite remains for bulk sales for Build to Rent and affordable

housing, developers have favoured open market sales opportunities supported by the resilient housing market. Deferred payments are still being offered, however as land sales have become increasingly competitive, some vendors have been able to negotiate more favourable, upfront payment terms.

High new home sales rates averaging 0.84 sales per outlet per week in April 2021, robust order books and completions, have brought forward land purchasing requirements for many housebuilders.

### Quarterly land price index



Major housebuilders have deployed capital into new land opportunities, with some investing at rates ahead of previous years in order to match ongoing demand for new homes and to meet medium term growth targets.

Despite housebuilder positivity, pricing for development land is having to factor in supply-chain issues and a shortage of raw materials, which adds a layer of risk to land tenders above normal levels. Half of volume housebuilders have reduced their margins in the last quarter to compete for land amid rising costs, according to new research. This compares with 28% of small and medium-sized enterprises squeezing their profits to fight for land. Overall, 40% of respondents in a recent survey of 38 volume housebuilders and SMEs said they have reduced their margins, supply chain delays force build costs up.

Fortunately, this is off-set, and more, by house price growth and the net result is that housing values, commercial values and, more importantly, land values remain equal to or above those reported in the Business Plan.

## 8. FINANCES

### 8.1 FY22-23 Financial Business Plan

In the approved Business Plan, profit was projected to be £193m over the lifetime of the project, with the project breaking even in the first 10 years. The pace and timing of these returns will be largely determined by the market, infrastructure costs and funding costs.

The property market is currently buoyant, and sales values are currently increasing faster than infrastructure costs. However, with such a long development period, the market and costings will change through the life of the scheme and financial projections would indicate a substantially larger profit in the region of £240m to £270m, in a 30-year window the UK is expected to go through five or six economic cycles, therefore, it is not considered prudent to assume all of this will be deliverable at this time.

The aim is to find the balance between managing cashflows, so that the project does not exceed the £75m working capital budget whilst accelerating infrastructure to give new residents early access to the facilities commensurate with living in a new garden town.

Since last December substantial work has been carried out to appraise the impacts of changes in the market and more detailed work has been done on costings, both to bring them up to date but also in terms of a much finer grained analysis of infrastructure requirements. These financial appraisals have helped us better understand the cashflow sensitivities. The profit forecast is similar to £193m or slightly better than previously reported over the project's lifetime, however, in the medium-term windows of 5 years, the financial position has weakened, though this is rectified by year 10, as shown below in Fig.1. In other words, the project is forecasted to break even quicker.

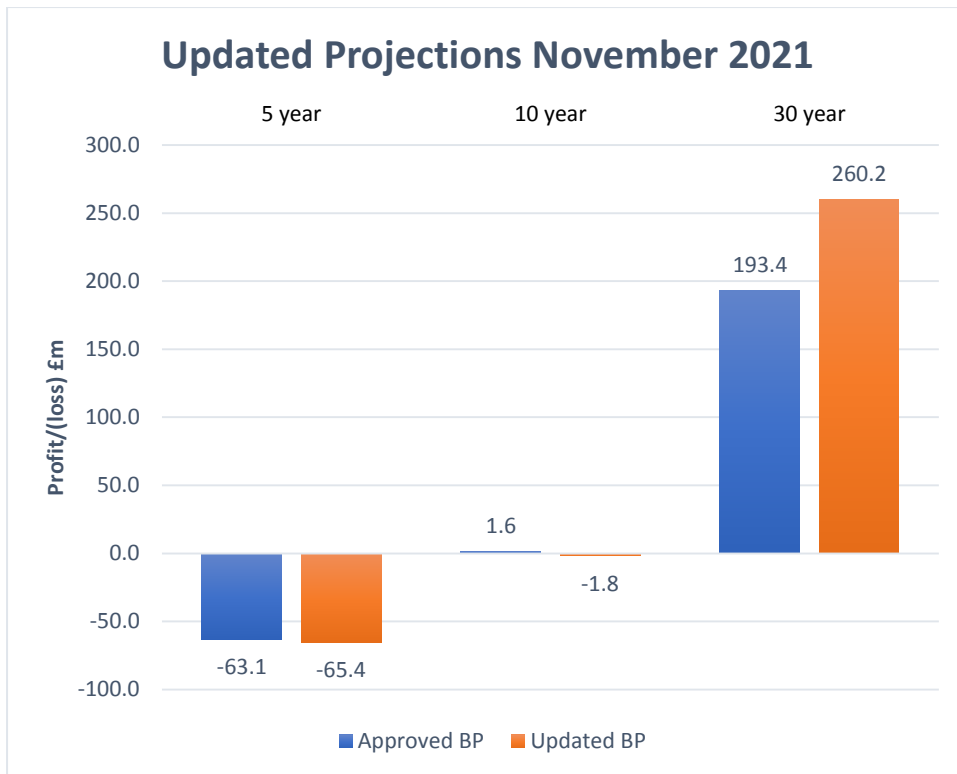


Figure 1

Since the production of the Business Plan, time has been spent validating, aligning, and refining the magnitude and the timing of cashflows in the following ways:

**Alignment of key assumptions:** The approved Business Plan utilised analysis by BNP and Arcadis. Since then, time has been spent developing financial appraisal tools to integrate legal advice from Browne Jacobson LLP and financial and tax planning advice from Kreston Reeves LLP. Now that the appraisal tools are built in-house, they can be customised to support management decision making. This appraisal is shared on an open book basis with Folkestone & Hythe District Council to ensure that the LLP's Business Plan is aligned to the Council's Medium Term Financial Strategy (MTFS), which forecasts the next 4 years.

**Funding:** Folkestone & Hythe District Council will fund the project with up to £75m of working capital. Interest will be rolled-up until the LLP starts to get revenue streams. Cash reserves will initially be used to reduce the loan from the Council. Once paid off, the LLP directors will assess future working capital requirements to decide how much dividend can be returned to the LLP's members. The loan interest rate from the Council to the LLP has been reviewed by Public Sector funding experts, Arlingclose, to ensure that it reflects current market rates. In other words, it is an arm's length rate that will pass tests set by HMRC, audit and subsidy rules.

Infrastructure costs: The original Arcadis cost estimates have been peer reviewed by Exigere, and the costs have been independently benchmarked to recent comparable projects.

Revenue: Market testing has provided confidence that the rates in the approved Business Plan are achievable if not capable of being bettered, based upon initial offers from national and regional housebuilders. The selected housebuilders will need to meet design and quality standards and cover a diverse housing mix, including self-build, high and low density, and offer range of products to optimise revenues through strong place making. BNP and Strutt & Parker are currently running a full market test. The results of which will be known late in the year but will of course inform the appraisal. BNP and Strutt & Parker have assessed the wider property market to understand latest predictions for house prices and although the market is currently buoyant there is a strong message of caution to avoid recognising higher revenues at this time.

Risk management: Significant allowances are included within the project costings for risk and contingency. These sums are based upon advice from cost consultants Exigere. It is clear that the project's risk register is reflecting reduced risks after only one year of the Business Plan.

Cashflow and peak debt: This Business Plan is focused on the five years from FY2021-22 until FY2025-26, though the graph below shows a 10-year window to make it comparable to information provided in the approved Business Plan. The following graph (Fig.2), shows how the £75m of working capital funding compares to the cumulative cashflows, including the original appraisal from last December and the current appraisal incorporating the more detailed and current information referred to above. In contrast, initial analysis by Stantec has identified opportunities to push back some of the site wide infrastructure, so that it is better aligned to the parcels that are being released to developers.

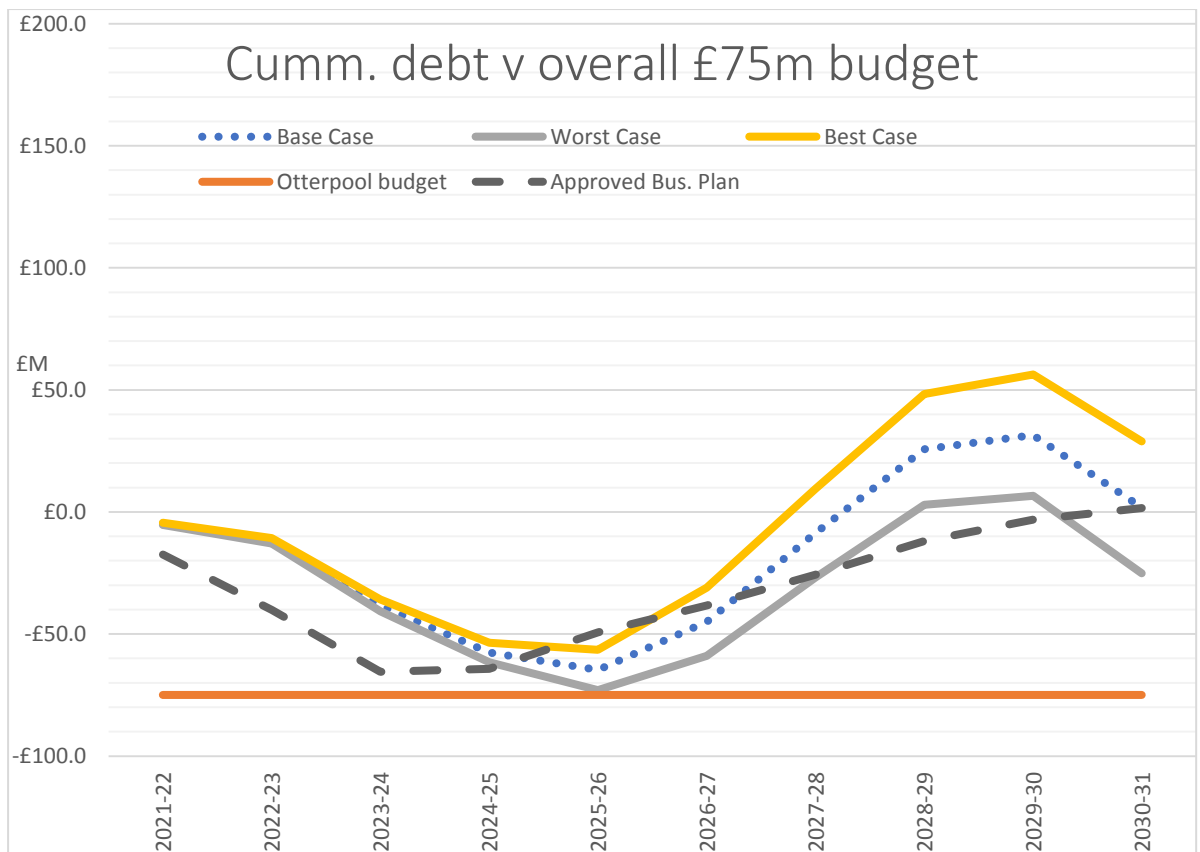


Figure 2

**Sensitivity analysis:** Quantifying various scenarios to determine the impact on cashflow and to ensure that peak debt does not exceed the LLP's £75m working capital budget.

In Fig. 2, several scenarios are shown, and the assumptions are explained, as follows:

**Base case scenario**, almost breaking even in the seven-year window

- In FY23/24, a multi-purpose community facility will be built. It will also provide a temporary medical centre until the volume of homeowners has increased to warrant a dedicated modern medical centre, probably in FY30/31.
- In FY23/24, a 3-form entry primary school will be built.
- In FY24/25, the first mobility hubs will be commissioned, with further hubs scheduled for FY30/31.
- Infrastructure costs have reduced by £1.6m since the original Business Plan.
- Almost £100m of infrastructure costs will be incurred in the first 5 years, which creates a cash outflow. However, it is expected that 30% of housebuilders will provide advanced receipts over 4 years and build over seven years. These larger housebuilders tend to have more cash reserves, though they will expect to pay a lower cost per plot to compensate for this cash injection that helps to minimise peak debt.

- To comply with Environment Agency regulations regarding water quality, a Wastewater Treatment Facility will be built. The cost will be recovered when households connect to this facility.
- Risk has been included in the cost assumptions to cover construction, strategic and financial risks. Risk management workshops will be run to proactively look for opportunities to de-risk the project.
- The Council will provide all funding via a loan with rolled up interest calculated at 6%.

### **Worst case scenario**

- If base case costs increase by 10% and revenue decreases by 10%, profit decreases by £8.4m.

### **Best case scenario**

- If base case costs decrease by 10% and revenue increase by 10%, profit increases by £8.4m.

The following graph (Fig.3) shows a bridge to reconcile between the Approved Business Plan's 5-year debt of £63.1m and the latest forecasted debt of £65.4m. In summary, delays in planning have pushed the project back nine months; this has reduced spend on strategic infrastructure (£13.8m) and the associated risk (£12.4m), but this is offset by a delay in receiving House Builder Revenue to year six, effectively netting out the overall change.



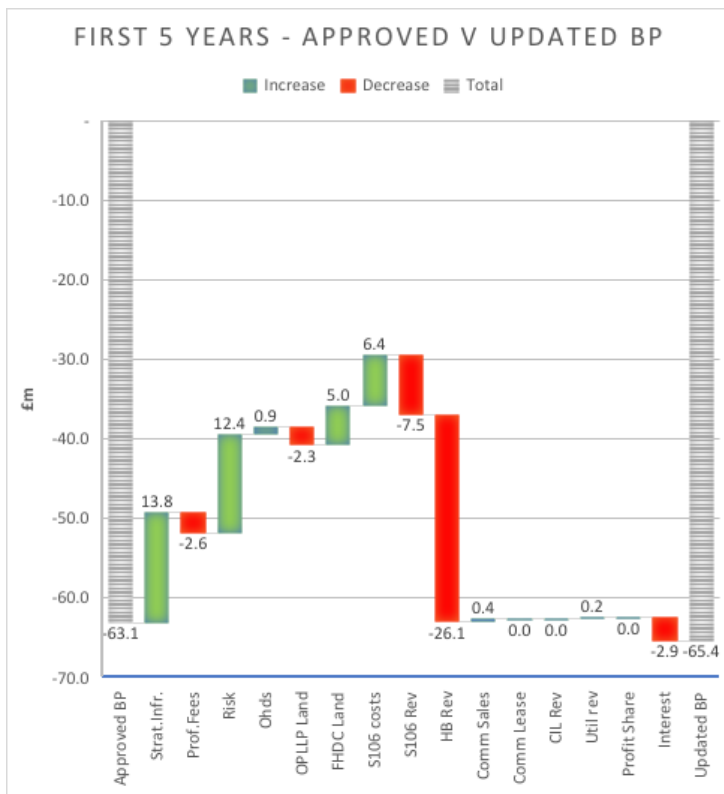


Figure 3

**FY22-23 budget request:**

The FY22-23 budget of £7.5m will be spent as shown below to conclude the Outline Planning Application and secondly to plan the next construction phase that will happen in FY24-25.

	<b>£k</b>
Infrastructure planning	2,900
Overheads	1,500
Site masterplanning and long lead items	3,100
Land purchases including fees (non-expected)	nil
<b>Total*</b>	<u>7,500</u>

\* This includes £790k of contingency

**Detailed breakdown on FY 22-23 budget request:**

<b>Infrastructure planning</b>	<b>FY22/23 £k</b>
Engineering and environmental fees	2,100
WWTF design fees	110
Legal and financial fees	200
Other design fees	100
Contingency @ 22%	390
<b>Total infrastructure planning costs</b>	<b>2,900</b>

<b>Overheads</b>	<b>FY22/23 £k</b>
Staffing	700
Local government planning fees	350
Other	50
Professional fees	100
Interest on borrowing	300

<b>Total overheads</b>	<b>1,500</b>
------------------------	--------------

<b>Masterplanning Projects</b>	<b>FY22/23 £k</b>
Castle Barns - phased restoration start with main barn	400
Phase 1 landscape detailed design (other than park) and advance planting	300
Phase 1 landscape: advance ordering of trees	300
First primary school - design	200
Castle Park detailed design including engineering works	150
Castle priority repairs	150
Phase 2 masterplan commission and design code (area to be confirmed)	150
Phase 3 masterplan commission and design code (area to be confirmed)	150
Creative Folkestone Action Plan	120
Detailed design for town square and associated buildings (Architect and landscape design brief)	100
Station improvements	90
Misc. community initiatives	80
Ongoing design advice and support for phase 1 and delivery of input into town centre	80
Establish stewardship body	70
Ecological habitat creation phase 1	50
Leisure centre feasibility study	50
Otterpool Avenue detailed design	50
Health and wellbeing - Consultant advice on delivery of GP services	50
Design for marketplace building, playing pitches, school square	50
Sustainable transport package - business case	40

Delivering employment space - feasibility work with companies	30
Further archaeological work (other than castle which is covered above)	40
Contingency @ 15%	400
<b>Total masterplanning costs</b>	<b>3,100</b>

DRAFT

# 9. PLANNING STRATEGY

This section sets out the planning strategy of the LLP in relation to Local Plan matters, and the obtaining of the necessary consents, permissions and agreements to allow the scheme to proceed.

## 9.1 SUPPORT FOR SITE ALLOCATION IN CORE STRATEGY REVIEW

As stated in the National Planning Policy Framework (NPPF), planning law requires that applications for planning permission are determined in accordance with the development plan, unless material considerations indicate otherwise. At present the principal development plan document for the Folkestone and Hythe district is the Core Strategy that was adopted by the Council in September 2013.

In spring 2020, the Core Strategy Review (CSR) was submitted to the Planning Inspectorate for examination. This will replace the current Core Strategy. It includes a series of policies that support the principle of development at Otterpool Park for up to 6,375 homes within the plan period (to 2036/37) and ultimately between 8,000 to 10,000 homes.

In July 2020, in response to a number of matters, issues and questions issued by the planning inspectors (appointed by the Secretary of State for Communities and Local Government), the LLP submitted a series of responses and supporting evidence relating to a number of topics and in particular those relating to the supply and delivery of housing and the strategy for the North Downs area, that contains the site-specific policies for Otterpool Park.

An Examination in Public (EiP) was held during December 2020 and January 2021 and reopened in the summer to examine the draft policies, representations and technical basis for the Core Strategy Review. The technical examination covered a broad range of topics, and also involved overlapping supporting statements from the LLP team in support the Local Planning Authority's (LPA's) position and draft policies.

The broad focus of the examination of the New Garden Settlement (NGS) policies focused on the deliverability of the NGS. A core element of the deliverability case focused on the role of the LLP in demonstrating that a financially viable scheme for Otterpool Park can be delivered that complies with the emerging policies in the CSR and supports the overall timeframe for the delivery of housing across the district.

Of significant note was the review of measures proposed by the LLP to demonstrate, as part of the examination process, that the scheme will achieve nitrate neutrality, and therefore not have an adverse impact on the European designated habitat sites at Stodmarsh to the northeast of Canterbury, and that sufficient improvements can be made to junctions and

roundabouts on the strategic road network to satisfy the requirements of National Highways.

These issues were resolved to the satisfaction of the Inspectors, with some overlapping issues relative to wider strategic allocations, as well as background growth in the district. The inspectors of the Core Strategy Review have recommended a series of modifications necessary to make the policies sound, which have been approved by cabinet and will be the subject of public consultation until 15<sup>th</sup> November 2021. It is anticipated that the Council will adopt the Plan in February 2022.

## **OBTAINING CONSENTS**

Securing a range of planning permissions and other consents will be necessary over the lifetime of the project in order for Otterpool Park to be delivered. It is therefore important that the LLP develops a clear strategy for preparation and submission of the necessary applications to allow the scheme to progress.

Following extensive consultation with stakeholders and the local community the outline planning application for the scheme is being amended. It is anticipated that a number of documents, including an updated suite of parameter plans and an updated Environmental Statement will be submitted to the local planning authority in late 2021. The amended information will be subject to a further round of stakeholder and public consultation.

Originally anticipated timescales associated with the adoption of the Core Strategy Review have been frustrated by a number of factors, notably the pandemic and late positioning by Highways England (now National Highways) that affected the ability to conclude the examination discussions. It is now anticipated that the Core Strategy will be adopted early 2022.

The amended outline planning application will be the subject of a 10-week consultation after which the application will be reviewed with officers, and duly reported for consideration of the planning applications by the Council's Planning and Licencing Committee. If the application is approved by the Committee, it will then be necessary for the LLP and the LPA to agree and finalise a S106 legal agreement, with the aim that this will be completed by autumn 2022.

Given the scale and complexity of the Otterpool Park development, it has been agreed that that a three-tier approach will be adopted in relation to the securing of detailed planning permission. Such an approach has been employed successfully at other garden town developments such as Waterbeach in Cambridgeshire.

The three-tier approach is set out below:

- **Tier 1:**

Outline planning permission granted and S106 agreement completed.

- **Tier 2:**  
Defines the framework for each phase of the scheme and will include, for example, submission to the LPA of the masterplan and design code. It is anticipated that at this stage it will also be necessary to update other key documentation such as the transport strategy and heritage strategy, on a phase-by-phase basis, as part of the series of tier 2 submissions.
- **Tier 3:**  
Consists of the detailed reserved matters applications for the different elements of the scheme. Such applications will be numerous and varied and will include, for example, applications in relation to highway infrastructure, sustainable drainage system (SUDS), educational facilities, town centre public realm, houses and flats, employment uses, wastewater treatment works etc.

In addition to achieving detailed planning permission, through the three-tier approach, it will also be necessary to discharge a range of pre-commencement and other planning conditions, as well as monitoring ongoing compliance. There will also be the requirement to make a variety of contributions and deliver a series of obligations as set out in the S106 agreement.

As well as achieving planning permission for the various components of the scheme it will also be necessary to prepare and submit applications for other types of approval which are likely to include the following:

- Building regulations approval.
- S278 Highways Act 1980 agreement - to make alterations or improvements to a public highway, as part of a planning approval.
- S38 agreement – relating to the adoption of the highways by the highway authority, Kent County Council.
- Scheduled monument consent and listed building consent.
- Main rivers consent – for work within a specified distance of the East Stour River.
- Applications related to the stopping up and diversion of the highway, footpaths, bridleways or byway.
- Various technical approvals related to the provision of utilities such the onsite electricity supply, ultrafast broadband, SUDS and wastewater treatment.

In considering the scheme as whole there will be a number of consent and approvals that will fall to the LLP, as master developer, and a number that will fall to third-party developers for specific elements of the scheme. As such it will be necessary for the LLP to appoint a series of external consultants in relation to each of the consents and approvals for which they are responsible.

To conclude, the process of obtaining the necessary consents to allow the Otterpool Park scheme to proceed is both complex and ongoing and will involve close liaison between the LLP, the LPA, other public bodies, third-party developers and the local community.

## 9.2 PLANNING INCLUDING UTILITIES / INFRASTRUCTURE

In order that Otterpool Park's objectives can be achieved, it is firstly necessary to deliver the essential infrastructure provision that enables the key elements of the town to be delivered.

As master developer for the garden town, the LLP has a key role to play in the delivery of such infrastructure. In order for the LLP to be in a position to deliver this infrastructure it is necessary to develop and deliver a detailed programme of activities based on the following stages.

## 9.3 S106 AGREEMENTS

As previously stated, it will be necessary for the LPP, as part of the process of obtaining outline planning permission, to enter into a S106 legal agreement setting out a range of contributions and other obligations.

Development of the S106 agreement is being progressed as a two-stage process where firstly a detailed heads of terms will be agreed between the LLP and the LPA (that can be included as part of the officer's report to the Planning and Licencing Committee) followed by the detailed drafting of the agreement. Initial discussions with the LPA have identified an initial list of topics for the heads of terms to cover that will be subject to further discussion and negotiation:

### **Transport Infrastructure**

- Non-motorised user infrastructure
- Public transport infrastructure
- Highway infrastructure
- Monitoring Governance and Design Quality
- Long-term stewardship
- Securing design quality
- Monitoring

### **Social and Community Infrastructure**

- Affordable housing
- Community facilities
- Education
- Health
- Emergency services
- Retail and employment
- Open space



- Skills and employment
- Heritage and archaeology

### **Environmental and Utilities**

- Waste
- Digital infrastructure
- Water
- Energy
- Biodiversity
- Sustainable design and construction

The traditional approach to the development of a S106 agreement is for the developer to commit to making a series of financial contributions, triggered by different stages in the progress of the scheme. These are made to the appropriate provider such as the local education or health authority.

However, given the role of the LLP as a master developer, consideration is being given to the role the LLP can play in terms of the direct provision of infrastructure and how this should be reflected in the S106 agreement. An example of this might be the commissioning and construction, by the LLP, of the first primary school. This is covered in more detail below.

Given the long-term nature of the Otterpool Park scheme it is considered appropriate to adopt a 'monitor and manage' approach to the provision of infrastructure, for example in the areas of transport and education, whereby the level of demand and the need for infrastructure is monitored on a phase-by-phase basis and the infrastructure strategy and S106 obligations adapted as appropriate and to reflect advances in technology, behaviour etc.

The LLP has instructed lawyers to begin the drafting process, with LPA discussions continuing to progress heads of terms and detailed drafting in parallel.

## **9.4 ROLE OF THE LLP IN PLANNING**

The LLP team will be responsible for preparing and submitting the planning applications and documents associated with tiers 1 and 2, working with a team of planning and technical consultants who will be directly appointed by the LLP. In the main tier 3, reserved matters applications will be the responsibility of the LLP as they relate to strategic infrastructure, including highways, drainage, strategic landscaping including parks, heritage assets such as the castle and barns, future community assets and any speculative commercial buildings. Housebuilders will have responsibility for reserved matter applications within their own land parcels.

The LLP has an important role as the guardian of design quality, ensuring retaining design and development standards are retained for all housing, commercial development, public buildings and public realm. All developers

will be expected to support the overall vision and objectives of the project. Procurement of housebuilders and developers will require them to follow the strategic and phased design codes and submit their proposals to the LLP for comment before submitting their applications to the LPA.

## **Community and Cultural Services**

Planning and delivery of a new community of this scale offers the opportunity to plan properly for delivery of all facilities that will be needed by the local community and learn from innovative approaches in service provision that can improve the quality of people's lives.

An important consideration is the flexibility to respond to changing needs and technological innovation over the coming decades, and to learn lessons from early phases. Creativity, arts and culture are important parts of the vision and identity of the town and have the potential to educate, improve mental health and enrich the quality of the environment in the town.

Further details on the procurement and construction of community facilities including schools and health centre are set out below under Infrastructure Strategy.

Progress on some aspects of community services delivery slowed down while the post of Community and Events Manager was filled in autumn 2021. However, progress has been made on several fronts, summarised below.

## **Health and wellbeing**

Otterpool Park is committed to providing residents with a Health Centre, delivering high quality primary care and additional community, social and specialist services.

The Public Engagement Agency (PEA) was commissioned to design the first steps for a health and well-being strategy which included stakeholder analysis; key health sector stakeholder interviews and workshop; producing terms of reference for an Otterpool Park Garden Town Health and Wellbeing Steering Group and five associated working groups:

- Population health
- Stakeholder engagement and co-design
- Model options and estates
- Finance and funding
- Workforce recruitment, retention and training.

PEA also produced first-steps documentation for the broader health and wellbeing public engagement strategy. Future stakeholder engagement for health and wellbeing will focus on taking these strands of work forward with PEA and other agencies as appropriate. It is also important to recognise that

health and wellbeing impacts on and is impacted by many of the other thematic work streams at Otterpool Park including sport and leisure; culture/art/heritage; education and environment, therefore stakeholder engagement needs to integrate across thematic strands wherever possible.

### **Education and lifelong learning**

Provision for up to seven primary schools, 12 nurseries and one secondary school (with a reserved site for a second) has been made at Otterpool Park.

It needs to provide one, possibly two, two or three form entry primary schools by 2025 (depending on Kent County Council analysis of school places requirements) with associated early years learning provision.

The Learning Company (TLC) were engaged to develop first steps for the Otterpool Park education strategy. Following in-depth interviews with key stakeholders they produced the Otterpool Park Education Vision and Strategy in June 2020 and the Otterpool Park Schools Design Guide. Next steps will include deep engagement with education sector and third sector stakeholders to develop plans for the new primary schools and explore the concept of an education campus on site to accommodate future secondary and further education provision.

A wider community stakeholder engagement strategy will be developed to feed into the co-production of a lifelong learning plan for Otterpool Park, ensuring the schools link in to the cultural, business and sports/leisure pathways for the development.

With the education strategy and specifications for all types of schools in place, the LLP is ready to commission its first primary school. Agreement in principle has been reached that the LLP will build all schools, but with a fallback position in the S106 that Kent County Council Education will do so. The county has recommended that opening of the first school be pushed back as there is some capacity in schools nearby, however there is support from the Board to stick to the original objective of providing the first school early, for a range of reasons. This may require some initial subsidy while the pupil numbers at the school grow. Architects have been appointed to design the first primary school. It is important that the LLP sets a high standard in the design of the first school, both as a benchmark for others and as the first community building in the town.

### **Creative Otterpool**

The Council has been working with Creative Folkestone since the early days of the project and have worked together on the cultural vision for the town and the Cultural Strategy.

The aims of this work are to ensure arts and culture are embedded in the design of places and spaces but also services. Also, to create an environment that is attractive to the creative industries but complements rather than

competes with the thriving arts scene in Folkestone. Through this work Creative Folkestone was engaged to consult with stakeholders and subsequently produced the Otterpool Creative Action Plan.

The plan outlines a three-year period of audience development and management to reach a wide set of inter-generational participants, in order to co-produce cultural commissions. This may include permanent installations, events and festivals.

The LLP has been working with Creative Folkestone on a three-year action plan that sets out a range of tasks. This year the focus has been on contributing to the phase 1 masterplanning process and the creation of an active and vibrant town centre. A curator has been appointed through Creative Folkestone as an early 'strand' of work to ensure that artists are embedded in the process of designing places and spaces not just in freestanding artworks. As an example, the brief for the first school will include the requirement to involve an artist.

### **Westenhanger Castle, Barns and Castle Park**

Westenhanger Castle is a scheduled ancient monument and listed building, with a rich heritage going back to medieval times. It is an important asset in setting the character and identity at the heart of Otterpool Park. The Council acquired Westenhanger Castle in 2019. The LLP will prepare detailed proposals for the future use and development of the castle, the associated barns and its parkland setting.

## **9.5 FORWARD PLAN 2022/23**

### **Stakeholder engagement**

The appointment of two Community and Events Managers (1.5 posts; one starting September 2021 and a second in 2022) will give capacity to widen and deepen relationships with organisations such as Folkestone & Hythe District Council officers, Kent County Council, the CCG, voluntary sector and others during 2022/23. Wider marketing and awareness raising, including within the development industry, will be increasingly important.

The LLP and its consultant team are working with other local groups such as heritage societies to share information about the archaeological finds on the site, and to gather local knowledge from those who have been involved in local historic research.

The next formal planning engagement will be consultation to tie in with the formal planning consultation on the revised planning application documents. This will be a combination of virtual events and public in person exhibition.

### **Community facilities delivery**

**Education:**

Education provision within new schools is no longer the responsibility of the local education authority. It needs to go through a procurement process led by the county council, with the final decision on the provider sitting with the Regional Schools Commissioner. The alternative is for school proposals to be submitted to the national free schools programme (though this relies on the timing of future 'waves' of the programme, each with its own deadline). It is advisable for the LLP to build relationships with academy trusts it feels meet its aspirations to set out its vision and encourage successful bids for each school. However, another potential option is for the LLP to set up its own academy trust that would run all the Otterpool Park schools (if successful in the bidding process). This would ensure, for example, that schools had a strong role in the community, with shared facilities. A complementary range of education facilities could be coordinated across the town, each school having its own specialities, thus ensuring the sum of education is greater than its parts. The LLP is seeking advice from education specialists on this and intends to consider this as an alternative option.

**Health and wellbeing:**

The Kent and Medway CCG Estates Strategy (2021) notes Otterpool Park and sets out its intention to procure GP services for a new health facility in the town. However, this process will only be triggered when demand from the new community and overcapacity in existing services can be demonstrated. The LLP is committed to providing some form of healthcare space / GP provision on site an early, potentially as a satellite to an existing surgery. The current preferred option is a multi-functional building within the town centre – a 'market hall' – will be created that will host a range of functions on a temporary basis until the town population grows enough for standalone facilities such as a health centre to be built. This can include flexible space for GP and other health and social care services in the early years, so that the LLP's commitment to early health provision can be met. This also allows time to develop the specification for the health hub over the next few years, working with the CCG.

The LLP is part of a wider forum within the southeast that is looking at best practice in health and wellbeing hubs. This will help inform the nature of the facility at Otterpool Park and other services that could be housed in or next to it. There are mutual benefits to working with colleagues in Ashford and Ebbsfleet who are going through a similar process, and potential for joint working with the CCG across all three projects.

**Creative Otterpool**

Proposals for the coming year are set out in the Creative Otterpool Action Plan. The plan also sets out why Creative Folkestone is uniquely placed to take up the role of partner to the LLP in delivering the action plan, and thus exempt from a wider procurement for this service.

The plan has three main workstreams:

- Strand 1: community arts project commission (to a community arts organisations) and schools projects.
- Strand 2: public programme of cultural events and learning that celebrate the site, including e.g. an urban room; archaeological digs; walks and tours; crafts. This includes working with East Kent College.
- Strand 3: curator role including artist commissions, as described above.

In order to plan properly and leverage funding from other external bodies such as the Arts Council, Creative Folkestone is looking for a three-year commitment to the action plan, which the LLP supports. The action plan has been included in the budget for 2022/23 with commitment agreed in principle for subsequent years, but the programme of work will be reviewed and revised at the end of each financial year.

DRAFT

# 10. INFRASTRUCTURE STRATEGY

## INFRASTRUCTURE PLAN NOVEMBER 2021 TO MARCH 2025

### 10.1 INTRODUCTION

To prepare for delivery of new housing as early as possible after planning consent, Otterpool Park LLP needs to put in place measures to plan, design and deliver new infrastructure. In addition, there will be several pre-commencement planning conditions that will need to discharge as the Master Developer.

The design, approval and procurement of this work has long lead-in times and will be delivered on a phased basis to suit the projected buildout rate.

For the remainder of FY21/22, focus will transition towards planned delivery of the earliest pieces of infrastructure in Phase 1 to coincide with a grant of planning consent. This Business Plan is structured as follows:

- October 2021 to March 2022: focus on planning new infrastructure, surveys and design development
- April 2022 to March 2023 (FY22/23): focus on detail design and construction procurement
- April 2023 to March 2024: Year 1 delivery
- April 2024 to March 2025: Year 2 delivery

### MANAGING THE PROGRAMME AND PRIORITIES

The Infrastructure Delivery Plan (IDP) sets out the sequence of proposed infrastructure by combining several critical influences together. Consideration is given to the location of building parcels, the consents and approvals required, surveys, procurement and construction timescales. A planning consent is expected to include many conditions that will need to be discharged prior to commencement or occupation. Reserved matters applications will also follow prior to commencement. The IDP will be used to track and update the programme and priorities in response to the latest understanding and allow the LLP to look ahead and shape business priorities to meet future infrastructure needs.

The infrastructure budget, scope and programme will be managed on an individual project basis. Supplier and contractor costs will be assigned against individual projects.

### PROJECT GOVERNANCE

The infrastructure team is overseen by the Director of Construction.

On a more practical basis, the LLP will undertake and plan the following regular governance practices:

- Monthly infrastructure team coordination meetings
- Regular working group with Kent County Council
- Monthly updates to the infrastructure project risk register

The LLP is currently producing short infrastructure project data sheets to summarise project leads, contributors, stakeholders and key information related to each infrastructure project.

## 10.2 OCTOBER 2021 TO MARCH 2022 (FY21/22)

In the final months of FY21/22, the following activities are planned to prepare for the production of new information to support technical applications, Reserved Matters applications and applications to discharge planning conditions. Information and surveys are essential to the success and timely acceptance of each application, coupled with stakeholder engagement. This work is almost entirely made up of design related activity.

### DESIGN, SURVEYS AND PLANNING ACTIVITIES:

Activity	Project description
<i>Develop masterplan and landscape layout</i>	Developed plans required to progress infrastructure design and to prepare for submission of reserved matters planning applications, discharge of planning conditions and detailed coordination with building parcels.
<i>Identify and develop early phase infrastructure layouts</i>	Strategies defined at planning need to be further developed to identify timescales, location and scope of individual infrastructure demands.
<i>Coordination with plot developers</i>	As plot developers come on board, all design elements need to be coordinated (e.g. access points, levels, utility connection points, strategic drainage, landscape).
<i>Prepare and procure surveys and investigations</i>	Surveys take time to plan and procure and will be needed ahead of design development and discharge of planning conditions. The scope/timing of infrastructure projects informs the location and phasing of surveys.
<i>Cut/fill earthworks assessment and preparation of materials management plan</i>	Proposed site levels will be coordinated with the location and use of excavated soils to identify final use and temporary stockpile locations. The planning strategy relies upon low volumes of material being exported off site.



<i>Procure targeted ground investigations</i>	The outline planning application was supported with minimum intrusive soil investigations. Detail design will require extensive surveys to accurately assess ground conditions and soil quality.
<i>Initiate Principal Contractor selection process</i>	It takes time to procure contractor services and there is benefit in receiving early contractor advice (where necessary) to help shape the construction management plan and incorporate modern construction methods into the design. The LLP will prepare preliminary documents for tender.
<i>Manage risk register</i>	A risk register will be developed and updated in line with the infrastructure projects to clearly allocate ownership and responsibilities for avoiding and reducing project risks.
<i>Engagement with approving authorities and key stakeholders</i>	Infrastructure projects require approval in addition to planning consent e.g. adopted highway works, adopted drainage works, work to existing watercourses/rivers, utility connections. The LLP will begin early engagement to set out approval timescales and information required to support future applications.
<i>Prepare preliminary highway layout design for work on A20 and new access points</i>	The LLP will prepare preliminary layouts to inform discussions with KCC and housebuilders to agree access locations. Preliminary plans will also identify the location of surveys, utility diversions and inform cost estimates.
<i>Development SUDS design with green infrastructure proposals</i>	The LLP will prepare preliminary landscape layouts ready to support reserved matters applications and discharge of further planning conditions. Preliminary plans will also identify the location of surveys and inform cost estimates.
<i>Review integration of lake/reservoir into drainage strategy and green infrastructure</i>	Develop a plan for the proper designation of the lake and ongoing management prepare preliminary layouts ready to support reserved matters applications and discharge of further planning conditions. Preliminary plans will also identify the location of surveys and inform cost estimates.

<i>Develop utility strategy and cost estimates with suppliers and open market</i>	Budget costs provided by incumbent utility network operators will be tested on the open market and updated to match phased development approach. Corridors for strategic utility routes will be established.
<i>Develop utility connection and diversion estimates</i>	Applications for diversion of apparatus on the A20 and new connections will be requested.
<i>Establish detailed plan for environmental surveys and investigations</i>	The scope of environmental mitigation and surveys will be developed in line with the delivery programme prior to preparing requests for survey quotations.
<i>Archaeological review</i>	The scope of further archaeological surveys and mitigation will be developed in line with the phased delivery programme prior to preparing requests for survey quotations.

## DELIVERY AND ON-SITE ACTIVITY

<b>Activity</b>	<b>Project description</b>
Updated topographical and ground penetrating radar surveys (for utilities in Highway)	Where necessary to support earliest infrastructure projects, the LLP will procure and undertake non-intrusive utility survey to better position existing apparatus and identify where diversions are required.
Structural survey on existing buildings	The LLP will procure and undertake any necessary structural and environmental surveys to support the safe demolition of these existing buildings in FY22/23.

### 10.3 APRIL 2022 TO MARCH 2023 (FY22/23):

Following on from the predominately planning work undertaken during the last half of FY21/22, activity in FY22/23 focuses on design development to enable Reserved Matters and technical applications to be approved. These must be supported with more detailed information and coordination with housebuilders. At the same time a planning decision is expected, and planning conditions will be available.

In the final half of this period, the LLP expects to be preparing ground and delivering any priority utility diversions and improving construction access points. The racecourse stands will be demolished.

DESIGN, SURVEYS AND PLANNING ACTIVITIES:

<b>Activity</b>	<b>Project description</b>
Develop masterplan and landscape layout	Continue to develop plans required to progress infrastructure design and to prepare for submission of reserved matters planning applications, discharge of planning conditions and detailed coordination with building parcels.
Develop detailed general arrangement plans	Detailed general arrangement plans will be used to support the discharge of planning conditions and support reserved Matters planning applications.
Prepare and submit Reserved Matters planning applications	Following the planning decision notice, Reserved Matters planning application for infrastructure will be submitted. This will be accompanied with detailed landscape, sections, elevations, and material finishes drawings.
Prepare and submit information to discharge pre-commencement planning conditions	A planning decision will include pre-commencement planning conditions which will need to be discharged as soon as possible to allow the first phase of infrastructure delivery to commence.
Detailed coordination with plot developers	The LLP expects housebuilders to be developing layout designs and to coordinate these with the infrastructure provided by Otterpool Park. The LLP's designers will work closely with the housing building teams to coordinate utilities, levels, roads, drainage, and strategic green infrastructure.
Continue undertaking surveys and investigations	Further scope survey works to support evolving design and stakeholder requirements. With localised underground surveys if required for utilities or other constraints.

Detailed infrastructure design	Progress design for targeted infrastructure projects to a detailed stage to support parcel delivery, liaison with potential parcel purchaser to coordinate requirements, stakeholder engagement and tender documentation.
Complete Principal Contractor selection and commission first infrastructure projects.	Following successful appointment of the Principal Contractor the first tranche of infrastructure projects being commissioned. If possible, early contractor involvement would benefit the delivery and understanding of build sequences.
Preliminary design of new crossings over East Stour River	The LLP expects to identify preliminary designs and extents of river diversions, identify crossing points, types, engineering requirements, hydraulic modelling, liaise with the EA on the requirements for the Flood Risk Activity Permits (FRAP) and further key stakeholder engagement.
Prepare and submit highway applications for approval	Finalise developed design drawings and required highway documentation for submission to KCC Highways under S38 and S278 applications.
Prepare and submit drainage applications for approval	Finalise developed drainage design for submission to adopting authority, KCC LLFA and the EA. The LLP's designers will liaise with relevant stakeholders through the application process to ensure progression in line with the programme and timely reporting and aim to identify conflicting requirements amongst the stakeholders.
Develop design of wastewater treatment works	This will require the LLP's designers to work closely with our appointed contractor to assist with emerging design process, liaising on design

	constraints, layout, levels, SUDS, specific requirements outside of the design construction guidance, hydraulic modelling and parameters for subsequent approvals.
Prepare and submit for ecology licenses	Finalise technical submission to LPA detailing ecological impacts, proposed mitigation, and enhancements for delivery of preliminary infrastructure.
Track planning and input to condition discharge	The LLP will be continually recording, collating, and reporting progress on all fronts, ensuring planning responses and submissions discharging condition are tracked as progress is made.
Ongoing engagement with approving authorities and key stakeholders	Extensive engagement with approving authorities and key stakeholder will be required throughout this period to facilitate timely delivery of the first infrastructure projects.
Accept localised utility diversion(s) and connection(s) quotations	Following liaison and detailed review with utility providers the LLP team will confirm diversion and connection quotation estimates so that these can be progressed to the next stage for delivery.

## DELIVERY AND ON-SITE ACTIVITY

<b>Activity</b>	<b>Project description</b>
Demolition of racecourse stands	The LLP team will prepare demolition tender information informed by condition and structural surveys. Following appointment of a successful contractor demolition of the existing structure will commence in accordance with the sitewide material management strategy.

Utility trail pitting and investigations	The LLP will look to verify the position, depth and numbers of utilities onsite against record information in locations where the first infrastructure projects are to be delivered based upon record drawings and underground surveys.
Ground condition investigations	The geotechnical desk study will identify the scope of additional geotechnical surveys which will be developed in line with the delivery programme prior to preparing requests for survey quotations and final appointments.
Localised utility diversions	To prepare parcels for infrastructure delivery the LLP will be instructing utility owners to divert their assets to align with the onsite design.
Implementation of material management plan (cut/fill, material stockpiles)	Following approval of the materials management plan the specific details would be extracted and applied to ensure compliance.
Various environmental surveys to meet planning condition requirements	Scope relevant environmental surveys in line with planning conditions and delivery programme. The LLP will identify the timing or sequencing of the required surveys
Establish construction access routes and any improved access to the Public Highway	Finalise design of construction access off the public highway and internal routes within the first development parcels in anticipation for delivery in Year 1.

#### 10.4 APRIL 2023 TO MARCH 2024 (FY23/24): YEAR 1 DELIVERY

In April 2023 the LLP will commence delivery of the first pieces of infrastructure in accordance with approved details and discharged planning conditions. The following projects will be delivered by the Principal Contractor.

Detailed infrastructure design, supporting surveys and investigations will continue to be undertaken to support phased delivery.

##### YEAR 1 SITE WIDE PROJECTS:

Activity	Project Description
<i>A20 improvements west of Newingreen</i>	Inclusion of travel routes for non-motorised users, integration of SUDS and drainage strategies, lighting provision installations of utilities (new supply and diversions). Engagement with KCC for S38/S278 agreement.
<i>Otterpool Avenue access</i>	Provision of main access route off A20 requiring engagement with KCC for S38 works.
<i>Lake and integration of associated green infrastructure and SUDS</i>	Integration of lake and potential designation as reservoir. Engagement with the LLFA and EA required.
<i>Strategic green infrastructure and SUDS</i>	Development of the green infrastructure south of Westenhanger Castle.
<i>Earthworks management</i>	Sitewide cut/fill and materials management including identification of spoil areas.
<i>Drainage connections/ diversions</i>	Surface water connections to watercourse and main rivers. Installation of below ground foul and surface water drainage and parcel connections. Provision of foul water strategy to serve initial parcels as well as future proof long term provision.

<i>Foul water treatment works</i>	Development and delivery of foul water strategy for long-term treatment provision via new wastewater recycling centre. Liaison with Severn Trent Water.
<i>Design for utility reinforcement</i>	Provision of electricity, water, gas and telecoms connections to serve parcels. Identification infrastructure routes and localised substation/ gas governor locations. Requirement subject to liaison with statutory service providers and usage.
<i>Utility diversions</i>	Utility diversions of power, water, gas and telecoms infrastructure across the existing site that provides a constraint to parcel delivery.
<i>Design for main Rivers/ watercourse crossings</i>	Delivery of crossing points across the East Stour River and requirement for EA engagement and further modelling of the river catchment. Existing ordinary watercourses discharge into the central waterbody from the south and east. Engagement with the LLFA to divert/ culvert these connections to delivery proposed development parcels.

## YEAR 1 PARCEL SPECIFIC PROJECTS

For each parcel that comes forward in FY23/24 (see accompanying drawing), a similar set of work is required to enable delivery prior to house builders taking responsibility.

The following work will be undertaken in relation to each parcel and adjusted to suit the specific requirements at each location.

Delivery will be carefully coordinated with on-plot design teams.

<b>Activity</b>	<b>Description</b>



<i>Parcel accesses from A20</i>	Sales and construction access to the parcels off of the A20, requiring S278 / S38 agreement with KCC.
<i>Drainage connectivity</i>	Drainage networks and connections to wastewater networks (sewers or watercourses) at parcel perimeter. Requirement for S104 and S106 applications to adoption authority.
<i>Utility new supply connections</i>	Provision of utility infrastructure into parcel to facilitate provision of new supply connections for individual plots
<i>Earthworks management</i>	Cut/ fill and materials management for earthworks within parcel.
<i>Highway infrastructure</i>	Internal spur road through parcels providing plot connectivity

## 10.5 APRIL 2024 TO MARCH 2025 (FY24/25): YEAR 2 DELIVERY

In FY24/25 the LLP will continue to delivery enabling infrastructure in Phase 1. The following new projects will be added and delivered by the Principal Contractor.

Detailed infrastructure design, supporting surveys and investigations will continue to be undertaken to support phased delivery.

### YEAR 2 SITE WIDE PROJECTS:

Activity	Description
<i>A20 widening north of Newingreen junction</i>	Widening of the A20 between M20 J11 and Stone Street. Engagement with KCC for S38/S278 agreement.
<i>Newingreen junction improvements</i>	Introduction of an at grade signalised junction at Newingreen.
<i>Otterpool Avenue access extension</i>	Extension of Otterpool Avenue to approach Westenhanger Station and A20/Stone Street connection. S38 engagement with KCC.
<i>External works south of Westenhanger Castle</i>	Sitewide landscaping south of Westenhanger castle. Engagement with KCC, EA, Natural England and English Heritage.
<i>Crossings over East Stour</i>	Delivery of crossing points across the East Stour River and requirement for EA engagement and further modelling of the river catchment. Existing ordinary watercourses discharge into the central waterbody from the south and east. Engagement with the LLFA to divert/ culvert these connections to delivery proposed development parcels.

<i>Parcel accesses from Otterpool Avenue</i>	Sales and works access to the parcels off Otterpool Avenue. Requirement S278 / S38 agreement with KCC.
<i>Parcels access</i>	Provision of parcel access off spur road and over the East Stour River. Requirement for S38 Highway Agreement.
<i>Drainage connectivity</i>	Drainage networks and connections to wastewater networks (sewers or watercourses) at parcel perimeter. Requirement for S104 and S106 applications to adoption authority.
<i>Utility new supply connections</i>	Provision of utility infrastructure into parcel to facilitate provision of new supply connections for individual plots.
<i>Earthworks management</i>	Cut/ fill and materials management for earthworks within parcel.
<i>Highway infrastructure</i>	Internal spur road through parcels providing plot connectivity.

# 11. LAND DISPOSAL STRATEGY

## 11.1 ROLE OF THE AGENT

The role of BNP /Strutt & Parker will encompass the following key tasks over the course of the project:

- Formulate an appropriate marketing strategy on a parcel-by-parcel basis which will evolve to complement the market throughout the duration of future sales periods.
- Create a premium brand for the wider development which is consistent with the design parameters of the overall scheme.
- Oversee the production of comprehensive technical information packs relative for each parcel.
- Advise on early placemaking.
- Negotiate land sales and work alongside the wider legal team to successfully secure the completion of sales within targeted timescales.

## 11.2 MARKETING AND SALE OF RESIDENTIAL AND COMMERCIAL LAND

In accordance with the masterplan vision, the following represents a summary of the Otterpool Park Garden Town outline proposals:

- Up to 8,500 new homes across a range of types, sizes and tenures.
- 82,418 sq m of employment (B1 and B2 use class) floor space including commercial business hubs, a commercial business park and a light industrial business park.
- 37,161 sq m of education (D1 use class) floor space including five primary schools, one secondary school as well as nurseries and crèches.
- 28,875 sq m of retail and related (A1, A2, A3, A4 and A5 use class) floor space.
- 20,900 sq m of community (D1 and D2 use class) floor space including a health centre and potential for places of worship, libraries and community centres.
- 7,701 sq m of hotel (C1 use class) floor space.

- 8,250 sq m of leisure (D2 use class) floor space.
- Infrastructure and utilities including a new electrical substation, onsite and off-site gas and potable water network reinforcement and provision of a fibre-to-home broadband network.
- 289.1 ha of green infrastructure (approximately 50% of the application site).
- Blue infrastructure.
- Car, motorcycle and bicycle parking.

The LLP will act as the Master developer for the Project. Master developers (MD) can explore a broad range of deal structures when timing individual land parcel disposals, ranging from outright freehold disposals, through to development partnership models, such as promotion, option and joint venture agreements.

The benefit to the LLP of playing the role of MD will be that it can control the wider urban environment, particularly in the context of design, quality and community services and facilities. MDs unlock raw land through:

- Early investment in planning matters and infrastructure delivery such as drainage and mains services upgrades.
- Flood defences and roadworks.
- Public open space.
- Cycle ways.
- Schools and local community centres.

Serviced parcels can then either be sold to housebuilders to construct new homes or alternatively delivered directly by the LLP. BNP / Strutt & Parker suggest targeting parcel sizes of around 150 to 400 dwellings. From previous experience in similar sites, it is considered that this quantum of opportunity generally proves attractive in encapsulating not only national housebuilder demand, but also some larger local developers. However, marketing may produce other offers.

Some sites, with multiple points of sale, can accommodate up to five or six competing housebuilder flags at any one time. However, attention must be paid to regulate the number of developers active on site at any one time, both in terms of construction and sales. Through limiting this number, sales values can be maintained with levels less likely to be cannibalised through an oversupply to the market. Added to that, construction management can be more effectively controlled, ensuring high quality housing delivery and overall construction management process.

MDs can either sell serviced land parcels outright, deliver directly or participate in joint ventures or build licence arrangements which in turn will create long-term income streams over the life of a development project. A similar strategy is often adopted by The Crown Estate in their strategic development land disposals.

Deferred land payments have been a consistent feature of land transactions since the Global Financial Crisis (GFC), but other arrangements such as build licences could become increasingly attractive to housebuilders who are sensitive to cash flows and returns on capital employed in the midst of what may be transpiring as another recession in the wake of Covid-19. These types of transactions can be seen by housebuilders as more capital efficient as many are now focused on the delivery and construction of new homes, rather than investing capital speculatively in development land.

In each parcel disposal scenario, targeted developers would be discussed with the LLP in advance of the marketing programme, with the view of drawing up a shortlist of those to approach who would be appropriate partners to maintain the quality of each area.

Unless there is a particular requirement to demonstrate that a broad disposal programme is undertaken in order to achieve best value, it is considered that a targeted approach to a number of key housebuilders could yield better engagement due to the more targeted and personal approach. BNP Paribas, for example, has unique access to main Board personnel in each of the main housebuilding companies and often obtain a personal undertaking from the CEO or Managing Director that a particular transaction is in accordance with the relevant acquisition criteria at the time.

When marketing land, a comprehensive technical information pack for the site would be necessary, which would need to be fully understood by all parties in order to answer as many questions as possible and provide a detailed presentation to each interested party. These presentations would be undertaken either on site or at the agent's offices. Site visits would be undertaken with interested parties so that they buy into the concept of the development and understand the content of the information pack at an early stage. This ensures the full attention of the relevant land buyer's team, improves the quality of bids and also reduces the opportunity for buyers to justify a reduction in price before an exchange of contracts. It would also be beneficial to have key members of the technical and planning teams present at these meetings.

### Stage 1: Due Diligence

Before launching a parcel to the market, it is important to fully consider the opportunities and constraints present so as they can be appropriately communicated during the marketing process.

Firstly, a detailed planning report should be produced focusing on the anticipated allocation within the Otterpool Masterplan. In addition to clarity from a planning

perspective, it will be important to provide a base level of technical detail in order for interested parties to understand the key constraints and to minimise conditionality at the bidding stage. It is important that letters of reliance can be provided for any technical reports.

It is suggested that detailed planning, infrastructure, and technical information is provided to parties during marketing.

### Stage 2: Marketing Material

For each parcel sale, a detailed marketing brochure would be assembled, highlighting the opportunity that the site presents whilst encapsulating the site's branding ethos throughout. A brochure allows the opportunity to be easily circulated to the market. The information pack would also be uploaded to an online data room, which also allows activity and downloads to be tracked. This enables the level of due diligence undertaken by parties throughout the marketing process to be assessed. It also allows ease of access for consultant teams.

### Stage 3: Marketing Campaign

For each sale, an existing network would initially be approached through targeted phone calls, emails and HTML circulars. The campaign will involve approaching parties directly at an appropriate level, presenting the opportunity first-hand and creating interest through the personal nature of the marketing approach whilst providing an overview as to the scope of the wider Otterpool Park development.

Site inspections would be managed solely through appointment by the appointed agent, allowing the site to be presented in the best possible manner. A marketing period of circa eight weeks per land parcel disposal is expected in order to give prospective purchasers sufficient time to undertake the necessary due diligence, whilst also keeping them focussed with a clear bid deadline. All bidders would need to submit their proposals on the same basis, on the same day so that the agent can compare and contrast the offers.

Parties would then be selected for interview in order to stress test offers and query any outstanding issues. Depending on the level of offers and competition, a second round of bidding may be recommended having reviewed and discussed each proposal with the interested party. Formal recommendations would be made by the agent in terms of the preferred party who offers the most deliverable proposal in terms of timescales and funding structure, as well as the best price.

### Stage 4: Legal Process

It would be preferable to have a draft contract and transfer prepared at an early stage in order that there is no delay once a preferred purchaser has been identified.

Following the selection of a preferred party, exchange of contracts will be sought within an agreed timescale.

### **11.3 MAKE ASSUMPTIONS ON OUTLETS AND NUMBER OF PRIVATE AND AFFORDABLE HOUSING SOLD MONTHLY PER OUTLET.**

Clearly, it is difficult to estimate future market trends, particularly for a project with an extended timescale such as Otterpool Park. It would be necessary to adopt a flexible approach to assumptions on sales per outlet in order to reflect market absorption rates at the point of launching each parcel. This said, at the time of writing, current rates of roughly four to six units per outlet, per month are being achieved across the region throughout medium to large new homes schemes.

### **11.4 IDENTIFY PARCELS TO BE SOLD / PHASING / HAUL ROAD AND SALES ACCESS STRATEGY.**

The phasing and timing of parcels going forward will be critical to ensuring best value is achieved across all future land sales. With development at Otterpool Park likely to contribute substantially to the delivery of new housing across the region for the foreseeable future, it is imperative that the phasing, timing and quantum of parcel delivery is carefully considered in line with local planning objectives.

The Core Strategy commits Folkestone & Hythe District Council to delivering a minimum of 350 dwellings (Class C3) per annum on average over the plan period (until 2030/31 - inclusive from 2006/7) while seeking to deliver an uplift of 400 dwellings per annum up to 2025/6. This totals approximately 8,000 dwellings by the end of 2025/26 (Policy SS2 of the Core Strategy). Delivering “8,000 dwellings between 2006 and 2026 would result in a rate of house building in line with trends of recent decades” (paragraph 4.47 of the Core Strategy).

BNP Paribas’ or another agent’s advice on the phasing strategy and land parcel identification from a marketing perspective would be based on a number of factors including:

- Maximising ultimate land value for the Council via the LLP.
- Promoting the delivery of a range of products and tenures concurrently across the site to ensure a consistent rate of housing delivery.
- Taking into consideration that Folkestone & Hythe District Council plans to manage housing supply through the objective that at least half of new homes by 2026 are three bedrooms (or larger) (Policy CSD2 of the Core Strategy).



- Ensuring the quantum released to the market is carefully managed so there is not an oversupply at any one time,
- Maintaining a policy of a limited number of developers on site at any one time to ensure a smooth and harmonious housing and infrastructure delivery programme.

To remain aligned with the outline planning application, it is recommended that the LLP refers to agreed Parameter Plans alongside any development timelines seen in the Design and Access statement to educate the collective opinion on phasing strategy. As the statement suggests, careful consideration would need to be paid in order to provide the necessary mix and quantum of development to maintain a strong combined trajectory of housing delivery alongside necessary social and physical infrastructure. Considering these factors will help ensure that each parcel is delivered successfully both individually and in terms of the wider Otterpool Park development.

In accordance with the Design and Access Statement, the phasing plans associated with the outline application have taken into consideration the programme for necessary infrastructure, associated cost and resulting viability assessments for five-year intervals. As such, each phase must consider the level of infrastructure necessary on a physical and social level to accompany the quantum of development proposed across the wider site.

The outline application identified that the first phases should be focused around two areas in order to establish Otterpool Park and complement all future phasing:

- To the north and east establishing the Town Centre, Westenhanger Castle and Gateway character areas
- To the west in the distinct character area of Otterpool Slopes

The LLP will be responsible for undertaking the initial infrastructure works as master developer. This initial phase of works will add value and differentiate the site further. Given the site's distinctive landscape characteristic, it is paramount that primary landscaping works are implemented to promote a sense of place.

Through past experience with schemes of this nature, it should be recognised there will be the requirement to secure early cash receipts to begin the recovery of initial capital investment.

The indicative phasing will inevitably evolve but it would be necessary to understand the key financial objectives and discuss between the LLP and agent the rate of land sales over the course of the project and how this can be enhanced without adversely affecting land values.

Whilst at present the site has been divided indicatively into a number of parcels for planning purposes, it may well be that the approach differs slightly

if there were perceived to be a requirement for a larger or smaller land parcel at any one point in time, or if indeed the LLP's cash flow requirements were to change over the course of the Business Plan. In this context, the site is considered to be deliverable in a variety of ways, which can be explored with the wider technical team in due course.

#### **11.5 IDENTIFY INITIAL LAND RECEIPTS PER PARCEL.**

Assuming a plan or accommodation schedule is available for each parcel within the submitted planning application documents, BNP / Strutt & Parker would undertake a development appraisal, considering the sales values per unit and associated development costs. This would be cross referenced against the current financial model which would be updated accordingly, both at time of appraisal and again following disposal, when value is crystallised.

The agent would also undertake research into comparable land transactions within the surrounding areas/similar projects in order to estimate plot sales and prices per acre.

As the scheme has garden town and placemaking status, the agent will review and assess the value of each parcel when sold, which will allow all stakeholders to project future land sales throughout the lifetime of the project.

#### **11.6 AFFORDABLE HOUSING**

In accordance with the Planning and Delivery Statement, affordable housing will be distributed through the development in clusters, with their size determined having regard to the location within the development to ensure the new garden settlement develops as a mixed and sustainable community. It would be worth noting that, during the course of parcel disposals, housebuilders will undergo a competitive Registered Provider tender process when bidding, ensuring value is driven.

#### **11.7 OPEN MARKET TESTING**

BNP / Strutt & Parker have commenced the open market testing process by inviting expressions of interest from housebuilders active in Kent. These expressions of interest are anticipated over the coming four weeks and will be reported to the Board in the New Year. Criteria for the next stage of the process will also be discussed by the Board in the New Year.

#### **11.8 COMMERCIAL**

Recognition for the importance of the commercial and community uses in a scheme such as Otterpool Park is growing after many years in the shadows of the residential elements.

Where traditional neighbourhood centres used to mean only convenience retail, Otterpool Park aims to develop a sustainable shift towards a mix of uses, including residential, workspace, healthcare and other community facilities.

The recent coronavirus pandemic is likely to result in long-term changes in the way we live, work, shop and communicate which will heighten the importance of delivering a desirable mix of uses going forward.

Understanding and establishing levels of demand from different non-residential uses is vital. This task should form a key element of the early stages of the development strategy as it ensures that the town centre and other commercial areas are relevant to the scale of the residential development and is crucial to its long-term success.

Early engagement is also essential to placemaking and creating real lasting social value for the town centre. Often, this will entail bringing together community groups, developers and councils to achieve a consensus about the town centre and finely tuning it to the needs of the local community and wider catchment. The LLP will also need to be mindful that, whilst the social benefits of such schemes are easily documented, demonstrating a commercial benefit to investing in the non-residential uses can be challenging in certain situations.

It is important to engage in analysis on determining the best location and layout for the commercial Centres within the wider masterplan. Contradiction can exist in balancing community preferences and commercial viability. Understanding the drivers and influencing factors on the location of non-residential uses is crucial in striking the right equilibrium.

Timing for the delivery of the non-residential uses is an important consideration when strategising. Whilst it may not be financially viable to open some uses when the first residential units are occupiers, activating the non-residential areas on a temporary or “meantime” basis may be important. This is becoming an increasingly important facet of development and as such, the range of meantime uses has grown significantly.

Opening and activating a town and commercial centre from an early stage is beneficial to longer-term placemaking; it provides residents with the built infrastructure from the moment they move in. Rather than allowing people to create patterns in the absence of the town centre, the centre can set the tone for the rest of the development and start to build a community.

It can often be difficult to generate key occupier interest and engagement at an early stage and engagement with local and regional businesses is important during initial stages.

Important to the success of the new town and commercial centre and its attractiveness is its ability to draw people in, creating footfall throughout the day and maximising dwell time and spend. The LLP recognises that there needs to be multiple reasons to be there not just traditional convenience retail. The LLP often advises on the benefits in linking the town centre with schools, nurseries, care homes, doctors' surgery, leisure centre, gyms, collection points and the like.

Non-residential development needs to be designed and built with flexibility in mind, allowing uses to change over time, responding not only to the demands of the local communities which they serve but also the changing landscape of retail and technology. This will ensure the future sustainability of the centre.

DRAFT

## **12. QUALITY ASSURANCE AND MONITORING**

### **12.1 RISK MANAGEMENT**

See Risk Register on following page (page 78).

DRAFT

Otterpool Park Risk Register – Otterpool Park LLP (updated November 2021)

STRATEGIC RISKS

RISK	Original risk			MITIGATION MEASURES	ACTION TAKEN	Mitigated risk			Change in risk level	Milestone drop off	RESPONSIBLE OWNER
	PROBABILITY	IMPACT	SCORE			PROBABILITY	IMPACT	SCORE			
Project becomes unviable due to unforeseen additional cost, particularly up front infrastructure or increased construction costs, required for phase 1.	3	5	15	Creation of LLP financial model to monitor changes and assess options more responsibly.  Take advice from BNP Paribas on maximising financial efficiency of the project and discuss investment of other partners.  Be ready to bid for future funding sources from central government, including ongoing discussions with Homes England about funding.	Infrastructure costs and phasing being reviewed to maximise efficiency of spending.  Ongoing discussion with Homes England and developers about shared infrastructure investment.  Participation in Kent Infrastructure Deal negotiations with bid for funding for OP.	2	4	8	✓	First Sales received	JB
Slowdown of economy results in stagnation of housing market and lower property and land values.	3	2	6	Viability planning takes long term view and allows for scenarios of lower economic and housing growth. Given early stage of project the immediate impacts are limited, but longer term impacts eg on council borrowing should be planned for.	Discuss with advisors as part of financial risk management. Recent market activity suggests increased housing demand in Kent.	3	2	6	—	Developer Led - Tier 3 Works (Residential)	JB
Political and reputational risk if Council's financial spend on project is seen to be imprudent or not in best public interest	2	3	6	Set out financial planning in the Business Plan.		2	3	6	—	Enabling Works - Tier 3	JB/AJ
No / inadequate funding for infrastructure and therefore risk of inability to deliver vision/objectives; piecemeal delivery, infrastructure delays and housing delivery not accelerated.	3	3	9	Creation of LLP own financial model to monitor changes and assess options more responsibly. Financial model assumes no external funding.  Be prepared for bidding opportunities for government and other funds.  Review infrastructure programme and delivery rates to ensure realistic.	Ensure delivery vehicle tasked with forward delivery of infrastructure.  Lobbying Homes England and MHCLG. Construction director appointed to manage infrastructure programme to agreed budget.	2	2	4	✓	First Sales received	JB
Dispute between Board and council Members/ dismantling of LLP.	3	4	12	Use shareholder meetings to ensure political direction agreed.  Set out objectives clearly at start.  Maintain good working relationships with officers and members.  Presentations to update all members.	Regular liaison and review of priorities through business planning  Legal advice on protecting the future of the LLP.	2	4	8	✓	Last Developer signed up	JB/ Board
Board underperforms or fails to fulfil its duties/ fails to agree.	2	3	6	Review Board to ensure right skills are included. Ensure its members fully briefed on strategic and financial matters.	Legal advice taken on governance matters and all policies. Considering review of board member skills.	1	3	3	✓	Last Sales Received	JB/Chair of board
Delay in update of CIL charging schedule delays planning application as unable to sign S106.	3	3	9	Ensure this is on Policy team programme as a priority.	Liaison with FHDC Policy team to ensure work underway.	3	3	9	—	Outline Planning Application	DS
Technical constraints and challenges require additional work and time prior to application being determined, including water nutrient issue.	3	5	15	ST instructed to design scheme. Negotiation underway to secure land for WWTW.	Critical path being reviewed; tier 2 work underway.	3	4	12	✓	Outline Planning Application	JW
Agreement not reached with Homes England over its role as partner and development of its land. Relates to agreeing funding for infrastructure.	3	3	9	Continue discussions with contacts at Homes England on landowner and planning side.	Set up regular meetings with Homes England.	2	3	6	✓	Outline Planning Application	JB/AJ
Local government reorganisation, eg formation of a unitary authority.	2	3	6	It would take several years to implement, likely to affect later years.		2	3	6		Last Developer signed up	JB/AJ

**Appendix:**

Appendix 1 – Otterpool Park Vision

Appendix 2 – Council Ambition for Otterpool Park

DRAFT

---

DRAFT