

CABINET

18th December 2018

**ST GEORGES EVOLVING MASTERPLAN AND HOUSING
INFRASTRUCTURE FUND (HIF) BUSINESS CASE****Report of the Chief Executive**

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference FP26/07/18	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance)	
Contact Officer(s):	Helen Briggs, Chief Executive	01572 758201 hbriggs@rutland.gov.uk
Ward Councillors	Normanton - Mr K Bool and Miss G Waller	

DECISION RECOMMENDATIONS

1. That Cabinet notes:

the indicative timeline for the St George's project at **Appendix 4**; and

that monthly progress report will continue to be provided to Cabinet on the progress of the evolving master plan and the HIF business case highlighting any significant changes

2. That Cabinet recommends to Council:

approval of the submission of a business case for Forward Funding under the Housing Infrastructure Programme based on the evolving master plan (**Appendix 1**)

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is for Cabinet to review the evolving Master Plan for the St George's Site and the associated HIF Business Case and assess whether it should be recommended to Council for approval.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 St George's is an MOD site. In 2016 'A Better Defence Estate'¹ identified St George's as one of the MOD's 91 sites most expensive (running costs) sites to be disposed of by 2040. The document made clear that this would also contribute to the delivery of 55,000² homes by the MOD within this Parliament. It identified St George's for disposal by 2021.
- 2.2 Under our Planning Policy (Core Strategy 6 – Re-use of redundant military bases and prisons) there is a requirement that “any re-use or redevelopment of former military bases or prisons is planned and developed in a comprehensive and co-ordinated manner. Proposals will be subject to a development brief or masterplan setting out the main requirements”.
- 2.3 The MOD have worked with RCC since the announcement of the closure in 2016. This is the latest stage of a process which commenced during 2017 and will continue into 2019 and beyond. Ultimately this will result in the submission of planning application for the site by the MOD or their Land Sale Delivery Partner (LSDP) likely to be prepared in 2019/20, submitted in 2020 and considered in 2021.
- 2.4 In July 2017 the Government launched the Housing Infrastructure Fund (HIF) – Forward Funding³.
- 2.5 On behalf of the MOD, RCC submitted what proved to be a successful Expression of Interest in September 2017 and in March 2018 we were advised that we had been selected to proceed to the next stage – co-design of a business case. Cabinet on the 18th October 2018 considered Report 188/2018 and approved as follows:
- “Cabinet SUPPORTED the submission of a business case for Housing Infrastructure Funding in response to the Homes England letter of 20th March 2018.”
- 2.6 This report covers the following issues:
- The current version of the evolving Master Plan
 - A summary of the HIF business case
 - Next steps and an indicative timeline going forward

3 THE CURRENT VERSION OF THE EVOLVING MASTER PLAN

- 3.1 Attached at **Appendix 1** is a detailed Master Plan supporting the current plans for St George's. This is a comprehensive document that outlines in detail:
- The overall vision and policy context for the project (Sections 2 & 3);

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576401/Better_Defence_Estate_Dec16_Amends_Web.pdf

² Note this target included the transfer of 5 sites to Homes England

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625525/HIF_Forward_Funding_supporting_document_accessible.pdf

- The journey the project has been on from the High Level master plan (May 2018) (Sections 4 & 6);
- Consultation (Section 6), including the public Non Statutory Consultation which took place in May and June 2018;
- The recommendations resulting from consultation (Section 7); and
- The current version of the evolving master plan (Section 8)
- Phasing & Delivery (Section 9)

3.2 It is proposed that this version of the evolving master plan is used as the basis of the HIF business case to be submitted by 1st March 2019.

3.3 Cabinet are being asked to support the current version of what will be an evolving master plan. This is not the end of the journey – work will continue to evolve the master plan that will increase the level of detail and ultimately translate into a planning application. However, on-going work will be based on 2,215 homes.

3.4 The MODs viability work, undertaken to support the HIF business case, has identified that 2,215 is the optimal number of homes based on:

- Financial viability;
- Sustainability;
- A number of homes agreed by MOD as the right number of homes at the site; and
- A policy compliant mix of homes.

3.5 An indicative mix of housing and tenures is provided at **Table 1**. **Table 2** breaks down the indicative split for the 665 (policy compliant) affordable homes. It should be noted that the project is at a very early stage. This level of detail is indicative and the MOD may refine it through the preparation of the design brief and ultimately the planning application.

Table 1	Private	Affordable	Total
Main	893	442	1335
Village Centre	150	100	250
Larger Homes	220	0	220
Retirement	210	90	300
Self-Build	77	33	110
TOTAL	1550	665	2215

Table 2	
Bedroom mix	40% 1 Bed
	30% 2 Beds
	20% 3 Beds
	10% 4 & 5 Beds
Tenure Mix	15% Affordable Rent (65% OMV)
	10% Starter Homes (80% OMV) or Shared Ownership Retirement (70% OMV)
	5% Rent-to-Buy (65% OMV)

3.6 In order to identify the right number of homes the Council understands that a number of factors have to be considered:

- the developable area– taking into account the area safeguarded for minerals extraction and the listed part of the site;
- feedback from consultation – amendments for example to increase the buffers between new and existing communities;
- meeting the NPPF viability and deliverability test;
- costs of supporting infrastructure;
- the right number to support a sustainable community i.e a school, a health facility and the supporting improvements in utilities, highways and other infrastructure; and
- the number of homes acceptable to the MOD as a contribution to their national target.

In order to arrive at the ‘right’ number, sensitivity analysis has been undertaken (and will be validated by Homes England) around 350, 1,500 and a higher number now defined at 2,215.

3.7 So why 2,215? **Table 3** provides a high level analysis of why this is the case. It also addresses the issue of why an ‘alternative’ use has been rejected by the MOD.

Table 3

Number of Homes	Comments
350	Not acceptable to MOD as a contribution to their housing targets Not sustainable in line with the Governments 1,500 minimum threshold for <u>new</u> communities but might be acceptable in a

	<p>Rutland context</p> <p>It would add significant pressure to existing resources for which there would be no funding to enhance schools, public transport, highways or community facilities</p> <p>Insufficient infrastructure to support increased population e.g. healthcare, road improvements, public transport etc</p> <p>It would not meet the NPPF viability threshold</p> <p>Reinforcement of Water & Drainage infrastructure would be required between 250 and 350 homes – building this number of homes would not support this investment circa £2.5m. Note that with the additional proposal for 70 homes at the Officers Mess site the base figure of 250/350 becomes 180/280.</p> <p>Would not support significant investment Regardless of the number of homes the site would incur the costs associated with demolition and remediation estimated at £15m</p>
1,500	<p>Whilst this would be more sustainable it would still not provide the infrastructure to fully support mitigation for surrounding communities and the requirements of a new community e.g. a new healthcare centre</p> <p>Reinforcement of electricity infrastructure would be required if more than 500 homes are built - building this number of homes would not support the required investment circa £11m Note that with the additional proposal for 70 homes at the Officers Mess site the base figure of 500 becomes 430.</p> <p>It would not meet the NPPF viability threshold</p> <p>Regardless of the number of homes the site would incur the costs associated with demolition and remediation, estimated at £15m</p>
2,215	<p>The optimal number of houses for the developable area, allowing for mixed use, meeting the NPPF viability return and delivering the appropriate supporting infrastructure. This is based on HIF funding to support the required investment in infrastructure. When procured, the Land Sale Delivery Partner will also have a role to demonstrate viability and ensure the land receipt for the MOD.</p>
Do nothing	<p>The MOD would accrue significant holding cost, fail to deliver against their housing target and not achieve a receipt for investment into the MOD estate as required by HM Treasury.</p> <p>MOD have stated that this would not be acceptable</p> <p>Potentially would leave a permanent blot on the landscape with potential for inappropriate uses.</p>

Alternative uses	<p>The master plan proposes <u>mixed</u> use including – a new Garden Community, a business zone, Leisure and Recreation and a Country Park.</p> <p>Alternative use, as for example a solar farm, would not contribute to the Government's / MOD target for house building and in particular on public sector land. i.e. this is unacceptable to the MOD.</p> <p>Other uses such as redevelopment as a prison or detention centre could still be considered by HM Government.</p>
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3.8 The high level financial viability based on 2,215 homes and current version of the evolving master plan is as follows:

MOD Total Income: (including Land sales and Grant Funding) £156m

MOD Total Expenditure:

Strategic infrastructure including remediation £94m

Developer Contributions £17m

(we are informed this will be available for RCC to spend on additional infrastructure)

Finance Costs £6m

3.9 A detailed infrastructure delivery and management plan has been prepared and will be submitted with the HIF business case. This is based on delivery of 'Infrastructure First' and ensuring spend on infrastructure is within the HIF required spend window of 2019/2023. The infrastructure requirement is key to de-risking the site and supporting the creation of the new community is a sustainable way. **Appendix 3** outlines the infrastructure identified to support the current evolving master plan.

3.10 The St George's Advisory Group was created in July 2018. Work will continue across the project to continue and enhance the involvement of this Group and the local communities within the project. Our submission to join the Garden Communities Programme if successful will support this work. It will allow us to develop more detail around the master plan and look in more detail as we work into 2019 in relation to:

- A Design Code for the site
- More detail relating to the layout and building up the master plan
- How we support the creation of a Dementia Friendly community
- Resolving future governance and stewardship

HOUSING INFRASTRUCTURE FUND

3.11 It is intended to submit the HIF business case based on this version of the evolving master plan by the deadline of 1st March 2019. Work on the HIF submission is at an advanced stage based on the 2,215 number of homes and the infrastructure required to support the new Garden Community and mitigate local communities from the impact of the development. This work has been essential to support the

conclusion that the 2,215 figure is the optimal number based on viability and deliverability. This work will continue to be vigorously challenged by Homes England. MOD have also undertaken their own review of the work.

- 3.12 The HIF is designed to forward fund expenditure relating to infrastructure on and off the site. This accords with the principle of 'Infrastructure First' which has been at the forefront of thinking since project inception. HIF will underpin the viability of the project and ensure that appropriate and timely infrastructure is put in place. It could represent a significant investment in infrastructure to support the St George's project and support the impact of this growth across the County. It will assist to ensure that the development progress is in line with our expectations.
- 3.13 The HIF submission is currently estimated at £30m and will support a contribution to total estimated infrastructure costs of £95m⁴. **Appendix 3** is an indicative breakdown of the work associated under each of the following infrastructure headings in more detail.
- | | |
|--|------|
| - Holding Costs, planning fees etc. | £5m |
| - On-site strategic infrastructure Roads | £20m |
| - Landscaping | £16m |
| - Community infrastructure e.g. School, Health a Community Centre | £7m |
| - Off-site public transport support | £13m |
| - Utility reinforcements e.g Water, Electricity and Sewage | £19m |
| - Remediation and demolition
(to remove buildings, district heating and asbestos) | £15m |
- 3.14 The balance of costs associated with infrastructure (the £17m referred to in para 3.8) will be met by the developer and/or developers⁵.
- 3.15 If the HIF submission is successful the Council as the accountable body will receive a grant determination agreement. This will contain the terms and conditions of the grant. This is expected to have bespoke elements and conditions dependent on the scheme, and will have a baseline against which schemes will be monitored. Council approval to sign the Grant Determination agreement will be required. In summary then the submission of the business case does not commit the Council to accept the grant. Funding will be dependent on achieving key milestones – for example inclusion in the Local Plan, Planning Permission, etc.
- 3.16 The HIF fund represents a once only opportunity to secure forward funding to underpin the delivery of 'Infrastructure First'. It will support the appropriate investment in infrastructure to support a genuinely sustainable new community whilst also mitigating against the impact of that new community in the surrounding areas. It represents a significant investment in infrastructure from which surrounding communities will benefit – an upgraded road network, public transport, a primary school which is fit for purpose - sustainable and future proofed, community facilities, a new Health and Wellbeing Centre and a Country Park.
- 3.17 The Forward Funding element of HIF is to support delivery of infrastructure at the early stages of projects. Certain aspects i.e. Off-site can be delivered in advance of the Phased approach for the project. Off-site delivery can commence in advance of

⁴ Excludes developer profit

⁵ Infrastructure costs associated with the business zone will not be covered by HIF

the vacation of the site by the MOD or on areas of the site not currently in use.

This includes:

- As a Highways Authority, RCC can directly progress design and delivery of highways improvements by accessing HIF funding.
- RCC will be in a position to commission enhanced public transport right at the start of the development subsidised until they become commercially viable.

3.18 Traditionally infrastructure would be delivered much later in the projects as a trigger number of homes are built. Section 10 of the master plan outlines the proposed phasing of the project. Phase 1 includes delivery of:

- New access points to Wytchley Warren Lane
- New Primary school
- Village Green
- Landscape buffers

4 NEXT STEPS AND THE TIMELINE GOING FORWARD

4.1 **Appendix 4** provides an indicative timeline for the St George's project. Progress of the project will be affected by a number of factors including:

- Inclusion or not onto the Garden Communities Programme
- Progress of the RCC Cambridgeshire Peterborough Combined Authority / Local Enterprise Partnership Growth Fund submission
- The Housing Infrastructure Fund Business Case; and
- Progress of the Local Plan.

4.2 Taking these issues into account **Appendix 4** is indicative on the assumption that funding bids are successful. If funding bids are not successful the programme will be adjusted as follows:

<i>Garden Communities:</i>	this work will not be undertaken at the proposed level
<i>LEP Growth Funding:</i>	the Council will evaluate if it wishes to proceed or leave it to the MOD LSDP to progress the business park
<i>HIF:</i>	Viability and deliverability will be reviewed May / Sep 2019

In summary the next steps if Cabinet and Council approval is secured are as follows:

HIF

Submission of HIF Business case by 1st March 2019

Determination of HIF Bid by end of June 2019

Acceptance of HIF Grant Conditions

Master plan

Masterplan continues to evolve based on 2,215 throughout 2019
Work on Design code, Dementia Friendly and Stewardship and Governance - 2019/2020

Local Plan and Planning

Regulation 19 Report to Council in May 2019
New Local Plan adopted early 2020
Planning application prepared and submitted by end of 2020
Planning permission in place by end of 2021

MOD

LSDP procurement by MOD by end of 2019
Army vacate by end of 2021

Delivery

Off-site infrastructure delivery commences 2020
Construction on-site commences 2021

- 4.3 There is still significant time and opportunities for RCC and the Local Community to influence the detail of the project going forward.

5 CONSULTATION

- 5.1 Non statutory consultation in relation to the High Level Master Plan for St George's was undertaken and has fed into the master plan at **Appendix 1** as outlined in sections 6, 7 and 8.
- 5.2 The St George's Advisory Group established following a meeting convened by Sir Alan Duncan has provided an on-going mechanism for engagement with Parish Council's.
- 5.3 Going forward we hope that there will be a willingness from the Advisory Board to engage in the next stages of the project. We have specifically bid for funding within the Garden Communities Fund to support:
- Visits by Parish Council representatives to existing and emerging Garden Communities
 - An independent Chair of the Advisory Board
 - An independent resource (A Dedicated Project Officer) to support the project
- 5.4 The relevant Scrutiny Panel considered the project at its meeting on 11th October 2018. The panel can of course at any point request a further opportunity to scrutinise the project. It should be noted that all Members will get an opportunity to debate the project at Full Council in January.
- 5.5 There is significant engagement on-going with the local business community, the education sector and a wider stakeholder group including utilities, neighbouring councils and developers.

6 ALTERNATIVE OPTIONS

6.1 The alternative option is to not support either the Master Plan of the HIF submission.

6.2 If Cabinet opts not to support the master plan then the HIF submission is unlikely to proceed. This could lead to the loss of a significant investment in infrastructure and the likelihood that infrastructure would be delivered much later into the project and some elements may not be delivered at all. The obvious course of action would be for the Council to withdraw from the project and the partnership. The Council's on-going role would probably be its statutory role.

6.3 At this point the MOD will need to review their options. The options that have always been open to them are as follows:

- Sell the site for development
- Procure a Land Sale Development Partner to bring forward the site
- Transfer the site to Homes England to bring forward

6.4 In all of the scenarios above the Council's influence over the project would diminish to our role as Local Planning, Highways and Minerals authority. This could result in a significantly different masterplan with a possible proposal for a higher housing number. It is also likely that any plan that would come forward would come forward more slowly but with the risk that multiple developers may be involved in an uncoordinated way.

6.5 The St George's site can make a significant contribution to the housing requirement for Rutland especially for young people and families thus protecting other areas across the County from further development. Consultation about the inclusion of the site into the Local Plan has been undertaken. If the master plan and HIF submission do not progress, the site will not be in a position to be counted within the current iteration of the Local Plan requiring other sites in Rutland to be allocated. While the MOD have indicated they are still likely to see the site come forward at a later stage, the Council must be in a position to prove a five year housing supply to validate a sound Local Plan.

7 FINANCIAL IMPLICATIONS

7.1 The submission of the business case does not commit the Council to accept the grant should it be successful so in one sense there are no direct financial implications associated with the decision to submit a bid.

7.2 If the Council submits a bid then it could mean that up to £30m of funding would be available to spend on infrastructure. The key benefit is that some infrastructure would be delivered up front.

7.3 If the Council does not submit a bid then as indicated above the MOD will consider its options and as noted in 7.2 there could be a loss of investment in any subsequent development.

- 7.4 This will depend on the outcome of any CIL/section 106 negotiations with the developer but in all likelihood the County the loss of potential grant funding is unlikely to be replaced with additional developer contributions. This would not stop the Council investing its own resources through borrowing or other means.
- 7.5 What is certain is that any developer contributions will be received when triggers are met under Section 106 agreement so funding would not be received in advance meaning infrastructure would be delivered later into the project.
- 7.6 In terms of the wider financial position, the Council's MTFP assumes minimum growth of 160 houses per annum in line with the Local Plan. This is assumed to have a positive impact on the Council's finances. The decision not to proceed with the submission would not impact the MTFP as the Council would still be required to meet its housing target whether it is through this project or others.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Council is required through statutory guidance contained in the NPPF (Section 4) to engage proactively with potential applicants who are seeking to bring forward a site. While this does not require that a particular decision is made it is something that Cabinet is required to take into account when determining such matters.

9 DATA PROTECTION IMPLICATIONS

- 9.1 A data protection impact assessment has not been completed as there are no data protection implications.

10 EQUALITY IMPACT ASSESSMENT

- 10.1 Not relevant for this report.

11 COMMUNITY SAFETY IMPLICATIONS

- 11.1 None.

12 HEALTH AND WELLBEING IMPLICATIONS

- 12.1 None.

13 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 13.1 The current evolution of the master plan for St George's is based on the optimal number of homes to create a new sustainable community with appropriate infrastructure and mitigation against the impact of development. It represents a plan for the site with appropriate infrastructure.
- 13.2 The HIF submission will ensure that funding is available to support delivery of

appropriate infrastructure but most importantly will ensure infrastructure is delivered at the beginning of the development and in some instances in advance of any house building. Most notably the highways improvements.

- 13.3 In recognition that the St George's site is a redundant brownfield site and that MOD have a duty to maximise the site potential (in this instance through housing), the evolving master plan and HIF submission represent an opportunity to ensure that the St George's site is delivered in a way that delivers a new sustainable community that is right for Rutland as a County.

14 BACKGROUND PAPERS

- 14.1 A Better Defence Estate 2016 MOD Publication.

15 APPENDICES

- 15.1 Appendix 1: St George's Barracks Evolving Masterplan – November 2018
Appendix 2: St George's Barracks Evolving High Level Masterplan 2050
Appendix 3: Strategic Infrastructure
Appendix 4: Indicative Timeline

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.