

Eastleigh Borough Local Plan 2016-2036



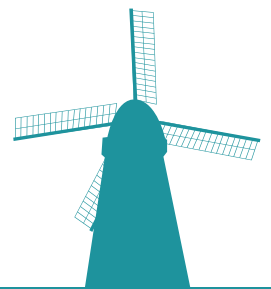
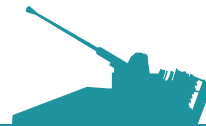
# Eastleigh Borough Local Plan 2016-2036

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## Delivering a new community North of Bishopstoke and Fair Oak

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October 2018



This background paper supports the Eastleigh Borough Local Plan and provides background information on the enabling role of Eastleigh Borough Council in the delivery of the Strategic Growth Option.

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## 1. Introduction

- 1.1 This document is a topic paper in support of the submission of the *Eastleigh Borough Local Plan 2016-2036*. The paper sets out Eastleigh Borough Council's (the 'Council') current position on the enabling role the Council will play in the delivery of a large scale new development known as the Strategic Growth Option (SGO).
- 1.2 The Council believes that the Local Plan sets out the right planning framework to ensure a high quality development, and can demonstrate a commitment and track record of intervening in order to deliver complex schemes.
- 1.3 The SGO is a plan-led vision for building a new community to the north of Bishopstoke and Fair Oak in the Borough. The realisation of this vision will depend on the leadership role played by the Council and a commitment to develop this location for growth. The strategic allocation for the SGO in the Eastleigh Borough Local Plan 2016-36 reflects the Council's confidence that its deliverability can be achieved.
- 1.4 This paper explains the importance of the Council's role in the delivery of this long term project, and how and why the Council is able to play such an enabling role, drawing largely on its track record, ambition and strong partnerships. The paper will frame this around a range of delivery issues as follows:
  - Political and corporate leadership
  - Vision and principles
  - Planning frameworks
  - Partnerships and collaboration
  - Skills and resources to deliver
  - Upfront infrastructure funding
  - Community engagement and involvement

## 2. What are we planning?

- 2.1 The details of the SGO strategic allocation are set out in the *Eastleigh Borough Local Plan 2016-2036*. The key policy is Strategic Policy S5, *New Communities, land north of Bishopstoke and land north and east of Fair Oak*. Development will include new homes (at least 5,200 dwellings), employment space, retail and community facilities, open spaces and a new link road (the link road is set out in Strategic Policy S6).
- 2.2 A number of background documents have been prepared which describe the evolution of the growth option, and importantly the background evidence on its deliverability. The Delivery Background Paper (Part 1) (2018) is a comparative assessment of the growth option compared to other growth scenarios. It explains why the Council selected Options B and C as a Strategic Growth Option (SGO) to deliver a large part of its housing development through the Local Plan.
- 2.3 The Delivery Background Paper Part 2 (2018) tests whether there is a reasonable prospect of delivery of the SGO and the proposed link road. It concludes that there is a reasonable prospect of delivery of the SGO based on a range of land ownership, viability, transport, other infrastructure, ecological and other environmental considerations which are addressed elsewhere in evidence to support the Local Plan. Based on the evidence available, and recognising the long term nature of the development option, the Council is confident that deliverability can be achieved. Moreover, the policies in the Local Plan have been prepared to provide the policy framework to ensure the development is comprehensively planned.
- 2.4 So far as funding is concerned, the Delivery Background Paper (Part 2) sets out that in delivering the SGO, the Council will consider a range of measures to ensure the development is brought forward in a timely fashion. This paper explains these potential measures in more detail.

### 3. Political and corporate leadership

- 3.1 The Council is an ambitious local authority, already working in partnership to plan and deliver exemplary new communities. A critical ingredient for the successful delivery of new communities is long-term political and corporate leadership. The Council's Leader is also the portfolio holder for Planning & Property with the Local Plan and SGO as key portfolio priorities.
- 3.2 The Council's Cabinet Members have been briefed on the delivery issues associated with the SGO throughout the preparation of the Local Plan, and have visited the proposed development area. Support for the principle of the project by leading members of the Council is reflected in the support for the submission of the Local Plan 2016-2036.
- 3.3 In 2018, the Council approved a corporate strategy <sup>1</sup> with an emphasis on actively using its own assets and knowledge to unlock housing opportunities. This builds on the *Corporate Plan 2015-2025* which includes an objective of increasing provision of the right type of new homes in the Borough. The Corporate Plan sets a commitment towards achieving a sufficient supply of suitable, quality homes. The Council made the strategic decision to intervene in housing delivery, through a dedicated housing delivery programme.
- 3.4 This intervention allows the Council to tackle unimplemented planning consents, realise the added benefits of upfront infrastructure provision, and improve conventional build out rates. The Chief Executive chairs the Council's dedicated Housing Programme Board, which is attended by the Housing Programme Manager, Lead Strategist, Finance Lead, lead delivery officers and relevant Portfolio Holders from the Cabinet. The Council's proactive approach is addressed in the *Housing Implementation Plan* (June 2018) prepared in support of the Local Plan submission.
- 3.5 The Council has established the need for jobs and homes in large-scale sustainable new communities, and has strong local leadership for the SGO project. Through its involvement in long term commercial investments, the Council can demonstrate its long term interest in building new communities in the Borough. In March 2017 the Council had secured £200 million worth of assets throughout the borough. Within this, its property assets provide a significant annual net income of around £5.5 million.

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<sup>1</sup> Strategy available online at: <https://www.eastleigh.gov.uk/council/strategies-and-policies>

- 3.6 An important next step is wider, national recognition for the Council's innovative approach to property management and, specifically, housing delivery. The Leader of the Council is the Senior Independent Director on the Housing and Finance Institute Board and Housing and Finance Institute Founding Director. The Leader is also a Board Member at Homes England. This provides the Council with insights into emerging policy and government priorities. The Council also continues to work with Homes England to identify future funding opportunities for the SGO and other housing projects. Throughout 2017-18 the Council worked with the Homes England Land team to secure Marginal Viability Funding for two major pieces of road infrastructure and a grant offer as part of the Government's Local Authority Accelerated Construction Programme.
- 3.7 The Council is also gaining increasing national recognition through its appointment of Galliford Try Partnerships as a project manager for the development of over 1,400 new homes and associated infrastructure in Horton Heath. The Council acquired the land early in 2018 which already had outline planning permission for 1,400 new homes. Galliford Try Partnerships will undertake the master developer role on behalf of the Council. This will involve providing the planning services necessary to bring the site forward while acting as project manager for the construction of key elements of the infrastructure works.
- 3.8 Part of Horton Heath project is the marketing and communications campaign to help achieve wider, including national, recognition for the project. A key component of this is place-making and branding the project as an innovative local authority led scheme. On the back of this, and following its emerging SGO masterplan, the Council will also need to continue to consider place-making and identity for the SGO area, including naming the development area.

## 4. Vision and principles

- 4.1 In December 2015 the Council consulted on several spatial options and new road links and improvements<sup>2</sup>, including expansion of Fair Oak and Bishopstoke. The Council recognised the importance of establishing an ambitious vision and principles for the new community early on, and in 2016-17 engaged a range of stakeholders to consider the opportunities a strategic growth option could provide for the Borough.
- 4.2 In November 2016 the site promoters published a strategic site rationale, which formed a useful starting point to discussing the form and phasing of the potential growth option with stakeholders such as infrastructure providers. In December 2016 the Council approved to undertake engagement and technical work on strategic scale development, and this commitment is summarised as:
- **Political actions** – for example, to engage with neighbouring authorities on the Duty to Cooperate and to take the lead in engaging with local communities;
  - **Technical work** - to continue to address the issues highlighted to date and other issues as and when they are identified, to enable the Council to proceed with site selection; and
  - **Corporate actions** – to bring the Council’s wider place-making role to bear, including investigating the potential for the Council to facilitate delivery through taking a direct stake in this proposal, including to give certainty over the delivery of strategic infrastructure.
- 4.3 As explained in the Local Plan, the Council’s development distribution strategy and principles (also approved in December 2016) support large scale development to achieve a degree of self-containment and to achieve a critical mass sufficient to deliver new infrastructure provision, for instance in the form of new road links to the strategic highway network. The Council’s preferred approach for new greenfield development is the creation of two new communities to the north of Bishopstoke and Fair Oak, and a new link road to the M3 junction 12 (passing through Eastleigh and Winchester districts).
- 4.4 As a tool to express the Council’s vision, the Council commissioned independent masterplanners to test the vision of what could be feasibly achieved in this strategic location. An initial masterplan (May 2018) was prepared using government funding. It aims to illustrate that the land has the capacity to accommodate the scale of development, in light of the known constraints and policy requirements (e.g. buffers

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<sup>2</sup> [https://www.eastleigh.gov.uk/media/1714/151217-issues-and-options\\_postcabformat.pdf](https://www.eastleigh.gov.uk/media/1714/151217-issues-and-options_postcabformat.pdf)



to protect important habitats). The following draft vision statement helped shape this work:

***The emerging SGO masterplan establishes a bold vision for approximately 5,300 new homes and 30,000 sqm of employment floorspace across two new settlements to the north and east of the existing communities of Bishopstoke and Fair Oak.***

***Defined by a landscape-led approach which is responsive to the sensitivities and special character of the local environment, the masterplan sets a context for high sustainability standards and design excellence and innovation. The SGO area will be characterised by accessible and attractive streets, spaces and buildings, and a range of contemporary homes including affordable housing.***

4.5 The initial masterplan also presents a set of strategic principles:

- Clear countryside gaps and local buffers
- Sustainable patterns of movement
- Landscape and environment led
- Design excellence
- Two new communities (sustainable settlement areas)

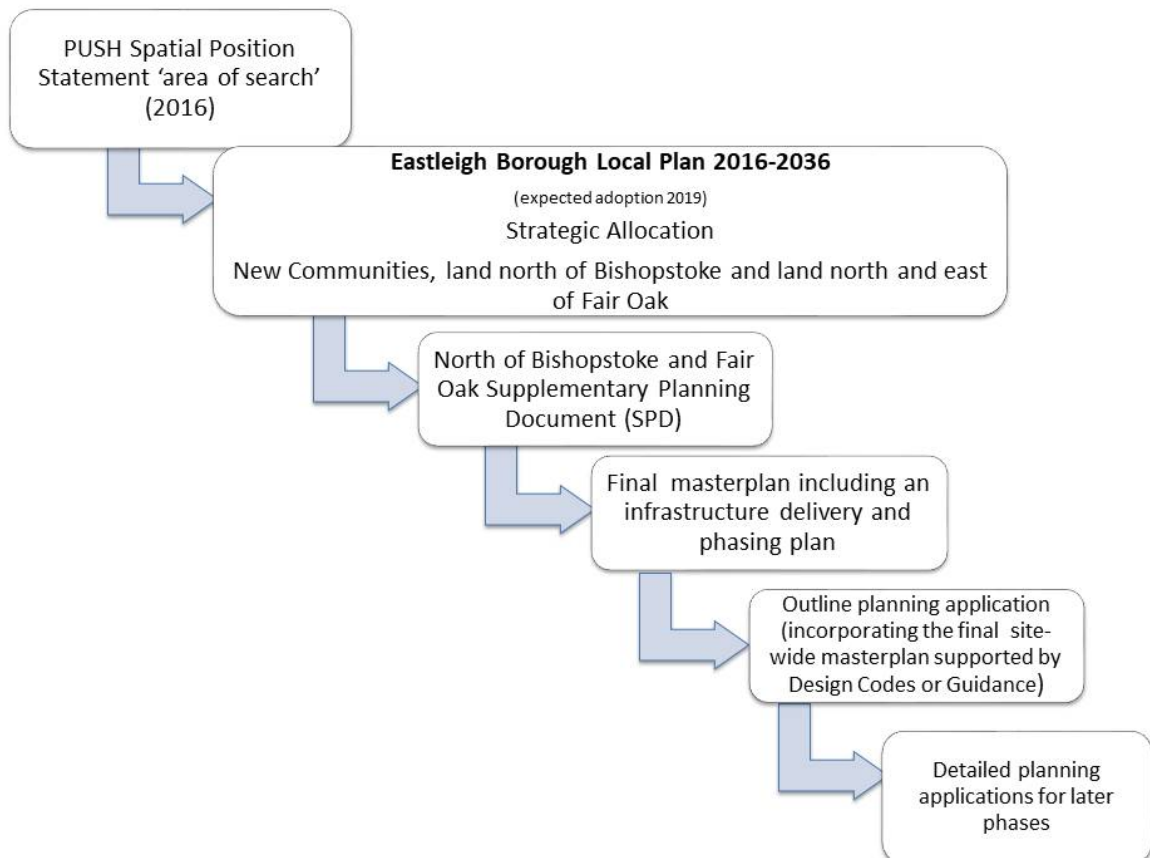
4.6 It is important to note that this initial masterplan is a supporting document for the submission Local Plan 2016-2036 and represents the Council's emerging vision and principles for the development. It is focused on land use and feasibility, and high-quality place making, and helped inform the statutory consultation on the Local Plan.

4.7 Some initial engagement has been undertaken therefore, including with the site promoters in developing this masterplan and work is ongoing to develop and refine a shared vision with the site promoters, other stakeholders and the existing community (see below). A clear vision for the quality of the community to be delivered will be an important lodestar as the SGO moves forward. Improving and showcasing health and well-being is a core objective for the Council, so for instance it may wish to engage in NHS England's Healthy New Towns programme.

4.8 Following submission of the Local Plan, the Council will play a positive role in continuing to communicate to local residents and businesses both the long-term vision and the multiple benefits of attracting investment in strategic scale development. See below for discussion about engagement with the existing local community, other delivery partners and stakeholders.

## 5. Planning frameworks

- 5.1 It is important to understand the high-level planning strategy proposed to facilitate delivery of the SGO, including plan-making and development management routes. To support a strong spatial vision for the SGO, the Council will develop a robust planning framework. This is described below and summarised in the following:



- 5.2 At the strategic level, the PUSH Spatial Position Statement was completed in 2016. It sets out the overall need for development to 2034 and proposes development targets for each Council. It helps Councils meet their duty to co-operate with each other and provides a planning framework related to functional areas such as travel-to-work areas and housing market areas.
- 5.3 The PUSH Position Statement seeks to increase housing delivery; and to do so includes provision for a range of different sizes of development site. It however identifies an additional “area of search” for a new strategic development location in the northern part of Eastleigh Borough. This strategic location is expected to deliver new housing, employment and local services; and support investment to improve infrastructure within the sub-region.

- 5.4 Strategic planning for new large-scale developments is critical, especially where development necessitates working across local authority boundaries and there are environmental constraints. The Council has engaged with Hampshire County Council, Winchester City Council and the South Downs National Park Authority through development of the Local Plan, along with parish councils and statutory agencies including Natural England, the Environment Agency and Highways England.
- 5.5 At the local level, the SGO is a key component of the Council's overall spatial strategy up to 2036 and beyond. The current local development scheme anticipates adoption of the Local Plan in spring 2019. The key planning policies to support the SGO are:
- Strategic policy S3, Location of new housing
  - Strategic policy S4, Employment provision
  - Strategic Policy S5, New Communities, land north of Bishopstoke and land north and east of Fair Oak
  - Strategic Policy S6, New Allbrook Hill, Bishopstoke and Fair Oak link road
  - Strategic policy S11, Community facilities
  - Policy AL1 and Policy AL2, Land east and west of Allbrook Way
- 5.6 Strategic Policy S5 allocates the SGO and is underpinned by a significant amount of technical evidence which tests the feasibility of the policy itself. This allocation once adopted will help create certainty in the planning process for residents and developers.
- 5.7 Strategic Policy S5 explains the policy framework to be developed at the SPD and masterplan level. It sets out that development will be in accordance with the principles of development in Policy S5, the North of Bishopstoke and Fair Oak Supplementary Planning Document (SPD) and a detailed masterplan to be approved by the Council.
- 5.8 The emerging masterplan, mentioned above, has been refined in support of the Plan submission to test some of the variables (e.g. dwellings numbers and land take in certain locations). It will act as a framework for development, and adapt over time, while maintaining the strong vision mentioned above. The preparation of a Supplementary Planning Document (SPD) to create a comprehensive context for the development of the SGO area will be informed by this masterplan document, and will include further detail (e.g. design codes). The final masterplan will also include an infrastructure delivery and phasing plan which will set out the appropriate timing of the provision of the infrastructure, facilities and measures.

- 5.9 The SGO development is likely to come forward in several phases and detailed planning applications. The policies in the Local Plan and the associated SPD will seek to ensure the development is planned on a comprehensive basis. The Local Plan requires that the first planning application is accompanied by a masterplan for the whole SGO area. The masterplan document would be subject to approval by the Council. The SGO phases will proceed through the normal detailed planning application process, most likely with a Planning Performance Agreement (PAA).
- 5.10 The SGO development is predicated on a new link road which runs through both Eastleigh and Winchester City Council administrative areas (New Allbrook Hill, Bishopstoke and Fair Oak Link Road). One option for the link road is that Hampshire County Council might make and determine the application pursuant to Regulation 3 of the Town and Country Planning General Regulations 1992. As local planning authorities themselves, another option is that Eastleigh Borough Council and Winchester City Council determine the link road as a joint application. A third option would be for the application(s) to be referred to the Secretary of State under section 77 of the Town and Country Planning Act 1990 for determination by him. This decision will be resolved through ongoing cooperation between the two authorities and HCC.
- 5.11 Indeed, cross-boundary working and strategic planning for the SGO will underpin the strong planning framework required. The cooperation to date has therefore been documented in the Duty to Cooperate Statement.
- 5.12 At the planning application level, it is worth noting that the Council resolved to grant outline planning permission in January 2017 for around 250 dwellings at Pembers Hill Farm, Fair Oak. This site lies within the potential SGO area. A decision has also been made to enter into a joint venture with Galliford Try Partnerships on a full profit sharing basis, via the local housing company (*see Table 1 below*). A Reserved Matters Application for the site (245 units) was approved in September 2018.

## 6. Partnerships and collaboration

- 6.1 Planning and delivering the SGO will involve a wide range of stakeholders, statutory agencies, and partners across the public and private sectors who are responsible for the wide variety of necessary infrastructure, utilities and services needed to build a new community. To date, the Council has been developing an emerging masterplan in consultation with statutory environmental consultees, as well as Highways England. Infrastructure providers have been engaged since 2015 on strategic scale development, and none who responded stated that there are any absolute constraints on development of the SGO.
- 6.2 The Council believes the public and private sectors can work together to get permissions built out more quickly, and that in this case a long term partnership approach will be needed. Private sector housebuilders can help provide the confidence in the success of the SGO delivery. During 2018-19, the Council will collaborate with the site promoters to secure their long-term commitment to the vision for the new development. Fortunately, the Council is already working in partnership with the current site promoters of the SGO, and hopes to build positively on these relationships (see Table 1 below for examples). The largest project is working in partnership with project managers Galliford Try Partnerships to bring forward over 1,400 new homes as a new community West of Horton Heath.
- 6.3 The SGO land was put forward by two separate site promoters: Highwood Land and Drew Smith Group (now part of the Galliford Try Partnerships). Approximately 6 landowners cover the route of the proposed link road, including Chamberlayne Estates. The two site promoters control all the land within the allocation 'red line'. The site is already assembled and options allow for sequential development. There will inevitably need to be tailoring of existing agreements once a delivery programme is agreed.
- 6.4 The two promoters jointly issued a strategic site rationale and proposed delivery strategy in November 2016. Some studies have been commissioned jointly, and considering the size of the promoters there has been a considerable amount of upfront expenditure on a speculative basis (i.e. in advance of an adopted local plan allocation). Highwood group and Galliford Try Partnerships responded to the regulation 19 consultation on the Local Plan in summer 2018 as joint promoters of the SGO. They state their support for the Plan and the preferred location for a strategic scale development. The promoters stated a commitment to continuing constructive engagement with all parties, including existing local communities to deliver the much-needed homes and infrastructure to support the new communities in as timely a manner as possible.

6.5 The Council will continue to work with the two site promoters to refine and evolve the relationships between them, the landowners, and the Council. At the earliest possible stage, the Council will work to understand in more detail the agreements with landowners and the timescales. A developer consortium is not established for the SGO, and the delivery vehicle is still to be determined as a priority. MHCLG (2018) urge that robust delivery arrangements are put in place to deliver new communities. A range of delivery models are available, from informal contracts between partners through to development corporations. The most appropriate delivery arrangement will ensure main partners can take key decisions effectively, and private sector finance can best be utilised. The Council will seek advice on options for local delivery vehicles including:

- publicly-led arm's length bodies
- public-private partnership arrangements such as joint venture companies,
- statutory development corporations
- delivery by local authority housing companies and/or registered social landlords

6.6 The Council already makes use of a local housing company (LHC) to finance housing schemes, and has experience of using bespoke arrangements to unlock development at different scales. Some examples of the different delivery arrangements are set out below:

**Table 1 Examples of Eastleigh Borough Council delivery arrangements for unlocking and building new communities (2018-19 schemes)**

Site Name/ Project	What is being delivered?	Delivery partners	Delivery arrangement/ collaboration
Land north of Kipling Road, Woodside Avenue, Eastleigh	94 affordable and market rent (secure tenancies and accessible to community). Approx 68 market rent. New road access, public open space, car parking and landscaping and access to allotments.	First Wessex (VIVID) (Registered Provider)	Aspect Building Communities local housing company- £20 million funded through joint venture arrangement (Woodside Avenue Developments LLP). Worked in partnership with County Council to relocate civic amenity site and free up development site.
Land at Hatch Farm, Barbe Baker Avenue, West End	66 social rent, shared ownership and private sale units. 32 market rent. Access, landscaping, parking, play area, attenuation pond, Public Rights of Way.	Radian (Registered Provider)	An ambitious development brief to ensure high quality development was not viable in the open market and site stalled. Direct housing grant to Radian from local authority.
Land south of Chestnut Ave, Stoneham Lane (1st phase) (North Stoneham Park), Eastleigh	Outline for 1,100 homes. Includes older persons accommodation. 146 market rent in phase 1.  New local centre, primary school, offices, public open	Highwood Group	Fully secured loan for upfront infrastructure secured against the land. Advance purchase of properties to 'pump prime' site.  Additional 31 dwellings proposed in later phases. Planning Performance

Site Name/ Project	What is being delivered?	Delivery partners	Delivery arrangement/ collaboration
	space and other infrastructure.		<p>Agreement used to secure additional resources to ensure later phases are presented to committee for a decision within 3 months of submission.</p> <p>Aspect Building Communities local housing company- housing grant to enable pre-emption agreement to provide some security for the developer and provide the Council with the opportunity to secure discount on the market rate for the properties providing a return on the assets. Sport England Football Foundation grant for pitch relocation.</p>
Land south of Bursledon Road (car boot site), Bursledon	<p>Mix of new homes for sale, private rent and affordable rent (35%). 46 market rent. Reserved matters application for 196 dwellings.</p> <p>Landscaping, open space and infrastructure, PROW and access from Bursledon Rd. New parkland area.</p>	Development Agreement with Taylor Wimpey	<p>Development of these homes was held up due to the reluctance of developers to provide a key infrastructure requirement in the form of a new road at an early stage of the development.</p> <p>Local authority purchase of land.</p>
Land west of Waylands Place and North of Peewit Hill Close (Phase 2 of St Johns Road development) Hedge End	106 units (35% affordable); landscaping, amenity areas and means of access from St John's Rd. Land set aside for a future strategic road link.	Foreman Homes	<p>Site was owned by EBC. Foreman Homes are actively bringing the site forward in addition to their existing development to the north, which is under construction.</p> <p>Land made available for sale to bring forward development for second phase of existing development site.</p>
West of Horton Heath Strategic Development	Minimum 1,400 dwellings (35% affordable); Road/highway improvements, primary school, land for a secondary school including playing pitches, utilities, public realm works, land remediation; 6ha of employment land; drainage; local centre with community buildings/ facilities.	Galliford Try & Horton Heath Ltd	<p>Site is marginally viable. Council propose to take an active role in delivery through the acquisition of land, and then selecting who the delivery partners will be i.e. SME, PRS funds etc. Without intervention the renegotiation of Land Options would lead to further substantial delays of 18 months to 2 years.</p> <p>EBC took assignment of the options 2018 (£150 million financial package). EBC acquired the company and associated land through Local Authority funding, and provision of serviced land parcels to reduce risk and provide greater certainty to the sector.</p>

Site Name/ Project	What is being delivered?	Delivery partners	Delivery arrangement/ collaboration
			Accelerated Construction and HIF bids (2017).
Land at Pembers Hill Farm, Mortimers Lane, Fair Oak	245 of which 35% are to be affordable units. Sustainable transport, open space and landscaping.	Galliford Try	Site stalled due to viability issues in commercial market. EBC entered into a joint venture with Galliford Try Partnerships on a full profit sharing basis, via the local housing company Aspect.

- 6.7 For the SGO, the Council could in principle lead on implementation and thus the role of master-developer. This would involve managing the overall development process, including ensuring that the necessary finance is available for all the advance roads, utilities, schools and other infrastructure, and ensuring that the necessary planning consents are available in a timely manner. The role also includes, but not limited to, bringing forward infrastructure in advance and disposing of individual plots for housing and other uses.
- 6.8 Alternatively a private developer, or developer consortium, could act as master-developer, particularly where the local authority is confident about proper and timely delivery.
- 6.9 Another option is for the Council to establish a local delivery vehicle by setting up a formal joint venture with those with a controlling interest in the land. This JV could act as master-developer itself or appoint a master-developer. One of the most popular and longstanding approaches to housing development by local authorities is through JVs with the private sector. These may range from a JV for a specific location or site or an agreement to work together over a period on many sites.
- 6.10 An alternative option is for the Council or other local delivery vehicle to act as a steering committee for the SGO, but not to set up a legal entity. This is more informal and relies on legal agreements between the local authority and the land promoter to progress the project.
- 6.11 A final option to consider is direct delivery, for instance in partnership with Homes England who have models aiming to build out publicly owned land at an increased pace. The Home Building Fund administered by Homes England can provide loan funding to meet development and infrastructure costs and can be tailored (albeit where a developer is already in place). Homes England is also an investor in the Housing Growth Partnership which provides equity capital directly for residential development projects. The Council has demonstrated an appetite for its own investment through the acquisition of land at Horton Heath, and local authority borrowing to finance advanced infrastructure remains an attractive option.



- 6.12 The Council is now experienced collaborating with developers and Registered Providers to advance purchase properties and retain these through a local housing company to help de-risk development. The Council has recognised that tenures such as PRS (Private Rented Sector or 'Build to Rent') can help increase build out rates on sites, and in doing so supporting the Council's corporate priority to accelerate housebuilding and tackle stalled sites. Acquiring development sites has enabled the Council to influence the mix of dwellings built out, mainly because private sector housebuilders cannot always vary their proposed mix due to their financial model and profit margins. This has been the case on four key sites (around 600 dwellings in total): Land north of Kipling Rd, Woodside Ave; Land at Hatch Farm; North Stoneham Park and Land south of Bursledon Rd) (see table 1).
- 6.13 Institutional investors in property are another potential source of private investment and the Council has considered this option in the past for other projects. Institutional investors seek a relatively low return over the medium and long term, and currently there is strong institutional investor interest in the private rented sector.
- 6.14 Large registered providers are also potential sources of investment in growth areas as they have the financial resources and expertise. They typically take a longer-term view and do not have pressures from investors. The Council has already had success delivering new affordable and private market rent homes in partnerships with VIVID and Radian.
- 6.15 The Council is committed to pursuing all relevant Government offers of assistance where this includes infrastructure funding, resource funding, expert delivery advice from Homes England and cross-government brokerage to resolve barriers to delivery. Indeed, HCA Garden Villages feasibility funding was received in 2017 to help fund the initial masterplanning work. The Council is therefore keen to collaborate with Homes England on the SGO. The Council continues to work with Homes England to identify future funding opportunities. This could even include the option of potential acquisition of the SGO by Homes England as key strategic land.

## 7. Skills and resources to deliver

- 7.1 Many of the actions and proactive next steps outlined in this paper are dependent on the Council's skills and resources. It is widely recognised that to deliver a comprehensively planned new community there needs to be a, dedicated means of delivery, with a multi-disciplinary delivery team. Indeed MHCLG are currently offering seed capacity funding to enable delivery (including for staffing), as part of the Garden Communities Programme (2018) and East Hampshire District Council for example are now building on the success of their Whitehill & Bordon regeneration project, and their RegenCo team is now offering its knowledge and experience to support other councils and government organisations.
- 7.2 The Council is currently investing resources to deliver the Horton Heath project mentioned above, and believes this will set the foundations for the SGO. For the Horton Heath development, the Council has partnered with the private sector to use its regeneration expertise. A project management services agreement is scheduled to last for four years, creating a long-term partnership between Galliford Try Partnerships and Eastleigh Borough Council. The innovative new development model allows the Council to take a direct role in new housing delivery. This will help build the Council's commercial and financial knowledge in the residential development sector. This investment in skills and capacity can be transferred to other projects, such as the SGO.
- 7.3 The Council views housing as a major local investment, and has capitalised staff time and resources required to manage and deliver the projects set out in table 1 above. It is not possible to capitalise staff resources on a speculative basis, and therefore alternative funding sources are being sought for the SGO.
- 7.4 For instance, the Council applied to the LGA Housing Advisers Programme and will commence a project looking at housing policy and delivery for the SGO Autumn 2018. Further, as mentioned above, the Council has also submitted an application to the Garden Communities Programme for seed capacity funding. If admitted onto the programme during 2018, the Council will be able to bid for capacity funding during 2019.
- 7.5 The staff resources required to take the project forward over the next few years may include:
- ✓ Project Director (supported by project managers)
  - ✓ Strategic Development Manager
  - ✓ Development Commercial Manager

- ✓ Dedicated planning officer (development management)
- ✓ Implementation officers (or backfilling for EBC specialist staff)
- ✓ Project-specific workstreams (internal resources, consultancy framework etc)

7.6 Extensive research commissioned by the Royal Town Planning Institute (RTPI) (2018) looks at the role that local planning authorities play in enabling housing delivery, and how LPAs are sourcing new or enhanced income streams through mechanisms such as Planning Performance Agreements and the New Homes Bonus to support the cost of planning service delivery. To respond to resource pressures, the research recommends that local authorities:

- Consider the use of on-demand service agreements or capacity contracts to make use of specialist resources and fill planning resource gaps.
- Adopt an agile approach to resource management and consider the deployment of existing staff across planning teams to manage fluctuating service demand.
- Use internal secondments and placements to build skills and plug service gaps.
- Consider collaboration across regional networks through resource sharing and information networks.

7.7 The Council will continue to adopt the above recommendations and draw from peer learning to ensure the proper resourcing of the SGO project as a Council priority.

## 8. Upfront infrastructure funding

- 8.1 The scale and complexity of the SGO, and the amount of upfront and long term capital to be invested, affects the attractiveness of this development prospect for commercial developers acting alone. Considering the corporate strategy commitment to deliver new homes and shape better places, the Council intends to be pro-actively involved, working with the private sector and other agencies to help deliver the SGO development.
- 8.2 It is the Council's intention that the development will be designed and planned comprehensively to create a high quality place with the timely provision of infrastructure. The Strategic Growth Option (SGO) is a £1.5bn project. The list of infrastructure required to support it is extensive. Ensuring upfront investment in infrastructure is one of the key drivers for the Council's involvement in the SGO delivery. This includes timely delivery of the link road (see below) and one of the primary schools as part of an early phase of development.
- 8.3 Initial work has identified the following key infrastructure items:
- new east-west link road would be constructed which would connect to the M3
  - necessary alterations to Junction 12 of the M3
  - Footpaths, cycleways, bridleways will need to link the development to adjoining settlements
  - three new primary schools (2-3 Form Entry)
  - one new secondary school (minimum 7 Form Entry)
  - new and improved sewerage infrastructure as well as water mains
  - SUDS features including open water features such as swales and attenuation ponds
  - potential need for on and off-site mitigation measures or habitat in particularly ecologically sensitive areas
- 8.4 Independent consultants (DSP) were commissioned to undertake a viability assessment of the whole Local Plan and specifically on the potential for delivery of the SGO. This report demonstrates that the proposed SGO development has reasonable prospects for viable delivery, in the context of the high level criteria stated in the National Planning Policy Framework. Viability testing of the proposal is an on-going and continuous process, and the Council continues to work with the promoters to refine viability assessments, particularly in the context of upfront infrastructure funding and delivery.

- 8.5 As a greenfield site, inevitably the list of infrastructure required to support it is extensive. The expectation is that the SGO developers will fund the entirety of the infrastructure needed to support the development (something previously committed to by the developers), but it is acknowledged that the infrastructure bill is a large one and that additional external funding may be required.
- 8.6 To support the Local Plan, the Council has prepared an Infrastructure Delivery Plan Update (2018)<sup>3</sup> which lists the following key infrastructure items and indicative costs:

Infrastructure item	Estimated cost
<b>Site works and infrastructure allowance (£32k per unit)</b>	£166.4m
<b>Off-site highway costs (SGO link road construction)</b>	£47.2m
<b>Link road Phase 1 land acquisition costs</b>	£4.4m
<b>M3 Junction 12 improvements</b>	£10.1m
<b>School Construction Costs</b>	£42.2m
<b>Health Centre</b>	£2.1m
<b>Environmental measures</b>	£5.2m
<b>Local junction improvements- Fair Oak</b>	£1m
<b>Total estimated infrastructure costs</b>	<b>£ 278,600,000</b>

- 8.7 Government expects that local authorities seeking to promote large-scale new communities will either rely on private developers to provide all the necessary capital, borrow funds in accordance with the regulations governing prudential borrowing, or utilise government support.
- 8.8 The Council has in recent years financed capital projects to ‘front fund’ key infrastructure including transport works (see table 1). This involves borrowing via the Public Loans Works Board (PWLB), a statutory body that issues loans to local authorities and other specified bodies from the National Loans Fund at preferential rates of interest.
- 8.9 The Council’s Leader was one of the leading advocates for Councils exploring innovative financial mechanisms to support new housing development (DCLG, 2015). The Elphicke-House Report identified 14 main ways councils can create, or add, financial value to developments in order to improve viability and/or to create an investment return. The following examples may be applicable to the SGO:
- providing a range of market housing and thereby enabling cross subsidy for affordable and low cost starter homes;

<sup>3</sup> Available at <https://www.eastleigh.gov.uk/LocalPlan2016-2036>

- creating value by acquiring land, master-planning and permissioning acquired land;
- providing a guarantee purchase agreement, whereby a council agrees to buy completed homes from a developer if a buyer cannot be found on the open market;
- supporting financial assistance to purchasers of new developments, through help-to-buy style schemes and financial inclusion work, such as deposit savings schemes and rent to buy scheme;
- providing development finance at commercially attractive rates of return, harnessing the lower cost funds available to councils.

8.10 The Council has a strong track record of providing access to long-term public funding. It already has experience of using financial mechanisms to support new housing development through the West of Horton Heath Joint Venture project. To deliver upfront highways infrastructure, the Council was also awarded Homes England funding through the Local Authority Accelerated Construction Programme.

8.11 The Council was also successful in a partnership bid to the Housing Infrastructure Fund (HIF) in 2018<sup>4</sup>. A Grant Determination Agreement with Homes England is currently being finalised for £10 million funding towards construction of a bypass for Botley, providing a connection from Station Hill (A334/A3051 junction) to Woodhouse Lane together with associated improvements/enabling works to Woodhouse Lane.

8.12 The West of Horton Heath project also reflects the Council's ability to purchase land where this enables it to have more influence over the quantity, mix, and tenure of the new homes and the speed with which they are built. Also key to this model, is recognition that investment in the early phases of development in terms of schools, green infrastructure, public realm and local facilities can result in uplifts in values and sales rates as a consequence.

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<sup>4</sup> <https://www.gov.uk/government/publications/housing-infrastructure-fund>

## 9. Community engagement and involvement

- 9.1 A key ingredient for the successful delivery of the proposed new community will be community engagement. Indeed, for a locally-led new community, an important first step is setting out how the local community will be engaged and involved at an early stage, and strategies for continued community engagement and involvement. Both current and future residents must have a meaningful say in developing the proposal from design to delivery.
- 9.2 Community engagement and involvement has begun through the site allocation and policies in the Local Plan, and stakeholder meetings and engagement with a local campaign group. Visible leadership of the project will be crucial as it progresses.
- 9.3 Making community involvement meaningful within the complex decision-making framework of planning is a significant challenge. One of the strongest reasons people have opposed the SGO is concern over the strain new housing places on existing services. As set out above, this is one of the key drivers for delivering infrastructure where possible before residents move in.
- 9.4 The existing community (and where possible the future community) should have an opportunity to engage with the proposals for a new large-scale development at the earliest opportunity. For this reason, the Council is aiming to undertake engagement during early 2019 on the first draft masterplan (including vision and principles). This will help ensure that local aspirations are taken into account.
- 9.5 An initial masterplan (May 2018) was prepared in support of the regulation 19 Local Plan consultation, and consultees were able to comment on this as an evidence study. This emerging masterplan informs ongoing discussion with the site promoters about how they envisage the SGO being developed, and ideally this should present a joint position in future. The masterplan has been refined for the Plan submission to test some of the variables (e.g. dwellings numbers and land take in certain locations).
- 9.6 The Local Plan will make provision for the preparation of a Supplementary Planning Document (SPD) to create a comprehensive context for the development of the SGO area. It is envisaged that a “North of Bishopstoke and Fair Oak SPD” would be informed by the masterplan document (following community engagement) (see above). The SPD will be subject to a statutory six –week consultation period as set out in the Council’s Statement of Community Involvement.
- 9.7 The Council is currently planning an engagement and communications campaign to underpin and support the masterplanning exercise for the comprehensive

development at West of Horton Heath (see details above). This means that existing communities in the north of the Borough will be engaged throughout 2019 on the early stages of two strategic scale development proposals. A Development Forum led by the Council has been set up to steer and capture engagement on the Horton Heath project.



## 10. Summary: EBC's priorities for delivering a new community North of Bishopstoke and Fair Oak

10.1 Committing to the long-term delivery of a major development such as the SGO helps make private and public sector investment an attractive prospect, as well as demonstrating to existing communities a commitment to deliver what is promised. As outlined throughout this topic paper, the SGO is a long term project, and at this early stage the Council will take action to:

- Provide confidence for private sector investment
- Reassure existing communities about what will be delivered
- Ensure aspirations are realistic and deliverable
- Engage in proactive cross boundary working

10.2 To achieve this, as the project progresses the Council will work in partnership to devise a detailed delivery plan. To inform this, the Council is currently focusing on the following four key areas:

- **Delivery models and timescales** – including the strength of existing commitments and partnerships, such as with master developers and land owners
- **Infrastructure requirements** – including access to road, public transport, utility considerations (including high-speed broadband, flood, water supply, sewerage and waste), and plans for health, education, and other core social infrastructure.
- **Opportunities to capture land value** – including through land acquisition and assembly, to help fund the long-term delivery and management of the new community.

**Access to finance and private sector investment** – including through direct investment, developer contributions, patient long-term finance and other opportunities attractive to investors.

10.3 The Local Plan must demonstrate that 3,350 dwellings can be completed by 2036 in order to meet calculated housing need. A housing trajectory has been prepared to reasonably estimate build-out rates based on industry evidence. This work is useful to understand the lead-in period and when the development might need to commence to meet the planned housing trajectory. The trajectory work concludes that the Council should allow for a 6 year lead-in time from 2018, which leaves 12 years remaining of the plan period to deliver the 3,350 dwellings required (estimated annual completion rate of 258 per year) on the main SGO, plus development at

Pemblers Hill Farm. Multiple sales outlets will be needed to maintain supply. Estimated completion of the whole growth area (at least 5,200 dwellings) is 2044.

10.4 The following summarises the timescales and scale of the work required 2018-2024:

<b>Example of key activities led by Eastleigh Borough Council</b>	
<b>Autumn/Winter 2018/19</b>	<ul style="list-style-type: none"> <li>▪ Agree joint position statements with site promoters on delivery, trajectory, etc.</li> <li>▪ Plan community engagement and consultation</li> </ul>
<b>Oct 18- May 2019</b>	<ul style="list-style-type: none"> <li>▪ Local plan examination and adoption processes</li> </ul>
<b>2019-20</b>	<ul style="list-style-type: none"> <li>▪ Supplementary planning Document, design codes etc to inform planning applications (including community engagement)</li> </ul>
<b>2020-2022</b>	<ul style="list-style-type: none"> <li>▪ Planning and other approvals (outline planning application to incorporate a site-wide masterplan)</li> <li>▪ Infrastructure delivery plans to be agreed, for planning applications to be secured and s106 negotiations</li> <li>▪ Pemblers Hill build out (first parcel of SGO)</li> </ul>
<b>2022-2024</b>	<ul style="list-style-type: none"> <li>▪ Site preparation and upfront infrastructure</li> </ul>
<b>2024/25</b>	<ul style="list-style-type: none"> <li>▪ Site commencement (target)</li> </ul>

10.5 The Council has a range of statutory duties to ensure that the new community is developed to a high standard, meets the needs of new residents, and contributes to improving the quality of the area. Government now expects that all parties in the development process play their part in speeding up the delivery of much-needed new homes. In practice, the SGO will need a body or bodies to drive delivery forward and provide consistent leadership. The Council is ready and willing to do what is required to achieve this.

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