

HIGH PEAK BOROUGH COUNCIL

Report to Corporate Select Committee

19th September 2016

TITLE:	Growth Strategy for High Peak and Delivery Mechanism for housing and employment sites
EXECUTIVE COUNCILLOR:	Councillor Tony Kemp – Executive Councillor for Regeneration Services Councillor Julie McCabe – Executive Councillor for Housing
CONTACT OFFICER:	Pranali Parikh – Regeneration Manager

Appendices Attached - Appendix A – Draft Growth Strategy for High Peak
<http://www.highpeak.gov.uk/sites/default/files/documents/news/Revised%20Growth%20Strategy%20HP-%20Mar%202016.pdf>

Appendix B – Schedule of Sites: Housing Delivery Programme (part II)

1. Reason for the Report

- 1.1 To provide update on Growth Strategy and to introduce delivery plans for accelerating housing delivery and implementing enterprise Growth in order to implement the Growth Strategy.

2. Recommendation

It is recommended that:

- 2.1 The Committee note the update on the Growth Strategy.
- 2.2 The Committee note the proposed approach and delivery plans for implementation of the Growth Strategy and recommend to the Executive to approve the following:
- a. The Proposal for the Accelerating Housing Delivery Programme as outlined in para 7.4.2.
 - b. The proposal of Implementing Enterprise Growth as outlined in para 7.3.2.
 - c. The portfolio approach for delivering Council owned sites as outlined in para 7.10.

- d. The expenditure of up to £70,000 from the Council's earmarked budget for Regeneration Growth Projects Support to prepare masterplans, development appraisals and initial valuations of the sites to understand financial viability issues as well as seeking planning approvals where required to increase deliverability of sites.
- e. Commencement of process for appraising options for delivery partner mechanisms as outlined in para 7.11.
- f. Actions and timescales as noted in the next steps section in para 7.12.
- g. Note a valuation and appraisal is being carried out for Granby Road site to kick-start delivery of phase 1 of the Accelerated Housing Programme. Results of which will be presented to the Executive at a later date.

3. Executive Summary

- 3.1 The Executive approved the Draft Growth Strategy in January 2016 for the purpose of public consultation exercise. The public consultation started on 9th August and is due to complete on 26th September. The proposed delivery plan is in anticipation of adoption of the Growth Strategy following the consultation process.
- 3.2 The Growth Strategy for High Peak sets out the implementation plan for the recently adopted Local Plan for delivering sustainable growth and identifies development opportunities in the Borough for the next 15 years. It demonstrates the Council's commitment to the delivery of allocated sites in the Local Plan and maximising community benefits of that delivery.
- 3.3 It has been informed by the Council's Corporate Plan priorities, existing evidence base reports and current initiatives being carried out by the Council and its partners.
- 3.4 The Growth Strategy puts forward four key priorities:
 - Reinforcing identity
 - Enhancing visitor experience
 - Growing enterprise culture
 - Delivering quality housing
- 3.5 The comments received so far from various stakeholders have highlighted the need for a robust delivery mechanism for ensuring the Strategy is delivered and the identified benefits are realised.
- 3.6 An action plan to achieve reinforced identity for High Peak includes heritage and town centre enhancement projects delivered by working in partnership with key stakeholders such as town and parish councils, town teams and HLF.

- 3.7 A list of projects are identified to enhance the visitor experience in High Peak to include improved leisure and culture offer, retail and evening economy, increased connectivity and footfall through festivals and events. Most of these projects are delivered by the Council working with partner organisations.
- 3.8 A delivery programme is proposed to support enterprise growth in the borough as detailed in para 7.3.
- 3.9 A delivery programme for accelerating housing delivery in High Peak is proposed as detailed in para 7.4.

4. **How this report links to Corporate Priorities**

- 4.1 The Growth Strategy has the potential to help deliver all four aims of the Corporate Plan:
- Help create a safer and healthier environment for our residents to live and work
 - Meet financial challenges & provide value for money
 - Support economic development & regeneration
 - Protect and improve the environment

5. **Options and Analysis**

- 5.1 To not approve the delivery programmes. This is not considered the preferred option because the growth strategy helps to align the actions and resources to achieve a shared vision of delivering the Local Plan. Not having a delivery mechanism in the form of the Growth Strategy in place could be a risk to the five year housing supply and losing out on the community benefits in the form of Community Infrastructure Levy, Council tax, New Homes Bonus and Business rates. **Not recommended**
- 5.2 To approve the proposed delivery plan. The Local Plan was adopted in April 2016. Having an implementation plan in place will help in demonstrating the Council's commitment to delivering the Local Plan and maintaining a 5 year supply. This would protect the borough against any unplanned developments. Government is focussed on housing delivery and is encouraging councils to take a more proactive approach. The Growth Strategy and delivery plan would provide certainty and control to Council's efforts to access funding and attract investment in the area. **Recommended**

6. **Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)
No implications
- 6.2 Workforce
- Regeneration team is able to provide project management

support in the short term, with experience and expertise in delivering development projects by using relevant funding cocktails.

- There is currently a vacant post in the Regeneration team which can be recruited to facilitate the delivery of this programme as a long term measure.
- This project requires a multi-disciplinary approach, co-ordinating expertise from various teams. If considered a corporate priority, all relevant teams will need to identify staff to be made available to contribute to this project:
 - o Regeneration
 - o Property
 - o Planning applications
 - o Finance
 - o Legal
 - o Communication

6.3 Equality and Diversity/Equality Impact Assessment

No implications at this stage. All action plan projects will need to be subject to individual EIA.

6.4 Financial Considerations

- £70,000 has been earmarked for Regeneration Growth Projects Support in the Council's budget
- Following valuation of the sites, one of the sites could be disposed off to release cash to fund the rest of the programme. To be repeated at a later date.

6.5 Legal

Legal advice will be sought to analyse the available options for partnership arrangement for delivering the proposals

6.6 Sustainability

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6.7 Internal and External Consultation

Senior officers and the regeneration portfolio holder have been involved in the preparation of Growth Strategy all along. A series of meetings have taken place with key stakeholders such as Derbyshire County Council. A Growth Partnership Group involving key stakeholders from both public and private sector met to discuss and provide steer to the Growth Strategy. A public consultation exercise is being carried out which will conclude on 26th September. The delivery plan has been consulted with all relevant internal teams including Property, Planning applications, Legal and Finance through Growth Projects Steering Group and Transformation Board. The sites being considered as part of the portfolio have all been extensively consulted on through the Local Plan preparation process.

6.8 Risk Assessment

A detailed risk assessment will be required for each individual project as part of the wider programme of delivery.

Dai Larner
Executive Director of Place

Web Links and Background Papers	Location	Contact details
Draft Growth Strategy for High Peak March 2016	http://www.highpeak.gov.uk/hp/news/view-and-comment-on-the-high-peak-growth-strategy	Pranali Parikh Regeneration Manager Pranali.parikh@highpeak.gov.uk 07583055366

7. **Background and Detail**

7.1 The implementation of the Growth Strategy is proposed to be carried out by the following actions:

- Create good partnership culture to support the visioning and delivery of key projects.
- Prepare a realistic delivery mechanism with identified resources and achievable timescales for each priority development site.
- Respond to relevant National, Regional and European funding calls to enable the delivery of priority projects.
- Continue a programme of capital projects and carry out the necessary preparatory work to increase the deliverability of projects and support external funding bids.
- Prepare an investment plan for attracting inward investment and delivering priority sites.
- Set out investment finance models/ options to accelerate delivery of stalled sites and generate revenue income for the Council
- Set up robust governance structure for steering and monitoring the delivery of the Action Plan projects.

7.2 It is proposed to align the actions and efforts of the Regeneration, Property, Planning Applications and Finance teams to put forward two parallel programmes of activities:

- Implementing Enterprise Growth in High Peak
- Accelerating Housing Delivery in High Peak

7.3 **Implementing Enterprise Growth in High Peak**

7.3.1 **The Issue:**

The business formation rate for VAT registered businesses is low in High Peak at just 11.17% (2014) which is now third lowest in the county. The survival rate of 67.61% is considerably higher than national, regional and Derbyshire averages which are 60%. With a productivity score of 85.83, High Peak is well below the national average. GVA per job in High Peak is £42,471, compared with £51,105 in Derbyshire and £53,975 nationally. In 2011, 17,368 people

commuted outside the district for work and 7669 people in-commute to the High Peak.

Land supply: The availability of good quality developable land for employment use in High Peak is very low, partly due to the presence of Peak Park, the topography and partly due to the concentration of sites in former mill buildings which are often based in valley floors with poor access. In addition, land remediation costs have prevented private sector development coming forward. There has not been any Grade A speculative office building built in the borough in the last 30 years. The strong value of residential development means that there is strong demand for residential sites which leads to land-banking of former employment sites.

Most available business premises in High Peak are large older mill buildings which are not always fit for purpose to meet the needs of contemporary businesses or are in poor quality industrial estates which are not appropriate for businesses seeking larger units. The High Peak Local Plan proposes to allocate approximately 35ha land across three major towns of Buxton, Chapel-en-le-Frith and Glossop. Some sites with employment allocations require expensive road infrastructure. This brings to focus the need to maximise the use of every available piece of land with employment allocation and accelerate delivery to drive economic growth.

Market demand: Market assessment carried out by BDP and BE Group for Chapel-en-le-Frith employment sites masterplan has demonstrated that there is additional demand for good quality small workshops within Central Area. Not being able to fulfil inward investment and business expansion enquires could result in relocation of companies outside the district or investment in secondary sites outside the area.

7.3.2 The Proposal

1. Open for Business approach to planning applications and regulatory process:
 1. Incentivise development through streamlined process
 2. Enhanced service delivery with customer focussed approach
 3. Viability consideration to S106 negotiations
2. Accelerating development on un-implemented sites:
 1. Prepare a masterplan including a shared vision and delivery mechanism
 2. Approach land owners to create a buy-in and understand the barriers to delivery
 3. Facilitate delivery by providing access to finance where required
 4. Encourage inward investment by 'place marketing' approach
 5. Working with delivery partners (public and/or private sectors) for sharing risks and expertise and managing expectations
 6. Use the public sector assets (land owned by Parish Council, County Council and Borough Council) as negotiating tools to enable and accelerate delivery

7. Use the power of strategic acquisition of land where relevant to ensure sustained income and future growth
 8. Enabling infrastructure delivery (transport, digital connectivity etc) by working with partners and accessing funding
3. Proactive delivery of Council owned sites:
 1. Proactive delivery of Council owned sites with employment allocation for accelerated delivery
 2. Align the interests of various public sector partners to attract funding
 3. Engage with private sector partners to raise awareness and momentum
 4. Support mechanism for economic development activities to nurture local businesses:
 1. Working with partners such as D2N2 Growth Hub, Chamber of Commerce and Business Peak District to provide business support for start-ups as well as business expansion
 2. Access to funding, support with funding bids and business cases
 3. Employment, skills, apprenticeships and worklessness- through employment and skills charter
 4. Organising business events and co-ordinating e-newsletter to provide training and sharing best practice
 5. Sector specific measures such as carrying out Economic Impact Assessment (EIA)
 6. Inward investment activities for promoting High peak as a place and key development sites by working with partners.

7.4 Accelerating Housing Delivery in High Peak:

7.4.1 The Issue:

The Local Plan for High Peak was adopted in April 2016. The Plan proposes to deliver 7000 homes over the plan period of 2011 to 2031, requiring 350 homes to be delivered every year. Between 2011 and 2014, 445 homes were completed on site in High Peak, reflecting the national financial downturn. As of December 2014, there were 2976 homes with planning permission. The priority now is therefore to support active conversion from sites with planning permissions to delivery of homes.

A few sites in High Peak Borough Council ownership are allocated for housing in the Local Plan, resulting in significant uplift in the land value. There is approx. 25 ha of vacant council owned land waiting to be developed for housing. This strategy proposes a way to realise this value by developing the sites.

7.4.2 The Proposal:

It is proposed to create a comprehensive package of measures to accelerate housing delivery in the borough through an 'Accelerated Housing Delivery Programme'. The following proposal demonstrates the Council's commitment to delivering the Local Plan and maximising community benefits by supporting

developers and through the use of Council owned assets.

1. Open for Business approach to planning applications and regulatory process:
 - a. Incentivise development through streamlined process,
 - b. Enhanced service delivery with customer focussed approach
 - c. Viability consideration to S106 negotiations
2. Accelerating development on un-implemented sites:
 - a. Approach land owners with planning approvals to understand the barriers to delivery
 - b. Facilitate delivery by providing access to finance where required
 - c. Encourage inward investment by making High Peak an attractive, high quality environment to invest in
3. Proactive delivery of Council owned sites:
 - a. Focus on Council owned sites with housing allocation for greater control and certainty of delivery
 - b. Adopting a portfolio based approach to accelerate delivery (cross-subsidising)
 - c. Working with delivery partners (public and/or private sectors) for sharing risks and expertise and managing cash flow

7.5 **The key objectives** for the above mentioned approach to delivery are:

- a. Local Plan delivery by
 - o Meeting local housing need as described in the Local Plan
 - o Meet affordable housing need
 - o Maximise the use of Council's resources to accelerate delivery
- b. Maximising community benefits by
 - o Achieving better value for money in return of Council's investment
 - o Increasing the income from council tax, business rates and New Homes Bonus in order to invest in community benefits
 - o Realise the uplift in land value and meeting the £150k efficiency target

7.5.1 Both delivery programmes mentioned above propose to benefit from the following **opportunities**:

- Local Plan is in place
- High Peak Borough Council owns a substantial amount of land with housing allocations
- Alliance's experience in developing and delivering similar schemes
- Housing market in High Peak is doing well- values are higher, demand is good
- Proven demand for employment units
- Government's focus on housing delivery (incentives + finance available)
- HCA Starter Homes Programme (expression of interest submitted)
- Changes in Housing and Planning bill with presumption in favour of development

7.6 **Key benefits** the proposed delivery programmes could realise are:

- New dwellings created
- Affordable homes delivered
- Vacant space regenerated
- Employment units created
- Expansion of local businesses supported
- Jobs created
- Apprenticeships offered
- Jobs supported
- Footfall increased in town centres
- Local shops supported
- Increased spend in the economy
- Private sector investment levered

7.7 **Resources:** To support both delivery programmes for housing and enterprise growth, it is proposed to make use of Council resources to accelerate delivery and act as match to lever private and public sector investment in form of:

- a. Revenue (Regeneration Growth Projects Support)
- b. Capital (assets + borrowing)
- c. Staff expertise (Regeneration, Property, Planning Applications, Finance, Legal)

7.8.1 It is proposed that a range of funding measures available to the Council should be used in a targeted approach to maximise the impact and effectiveness of the resources. The funding options available to the Council are:

- Borrowing powers
- Right to Buy (RTB) receipts
- Commuted sums
- Land receipts
- Starter Homes Programme (expression of interest submitted)
- HCA Affordable Housing Programme (accessible to registered provider for affordable housing (RP) partners)
- Investment finance (through a potential Joint Venture (JV) partner, subject to appraisal of delivery options)

7.9 The delivery plans for both housing and employment growth propose a multi-disciplinary approach by bringing together actions of various teams within the Council with a view to aligning the efforts in the direction of delivery. This approach will involve Regeneration, Property and Planning Applications services leading on relevant aspects of the programme by working closely with the legal, finance and communications teams.

7.10 **Portfolio Approach:** For the delivery of development on council owned sites, a portfolio based approach is proposed. It is evident that packaging up sites with various levels of deliverability as part of a portfolio minimises risks of difficult sites and achieves higher values across the portfolio. It would help in focussing resources with a consistent approach giving greater control to the Council in

prioritisation and phasing, maximising the benefits of cross-subsidising. This would provide opportunity to de-risk the sites within the portfolio by achieving planning applications, preparing development appraisals and having a realistic idea of end values which should help with uplifting the land value and increasing the certainty of achieving it. This approach would enable cross-subsidy of projects by investing the receipts from higher value sites into lower values ones and achieve wider regeneration benefits.

7.10.1 A list of sites in HPBC ownership with housing allocation has been compiled to provide an example of the scale of the developments and potential benefits that could be achieved.

7.11 **Delivery options:** A consistent approach to delivery is proposed for both delivery programmes. It is proposed to carry out an appraisal of the three broad concepts for initial options analysis as outlined below. The analysis and finding of this report will be presented to the Committee at a later date. The three options are:

- a. Disposal of individual sites
- b. Council led development
- c. Joint venture (Delivery partner/ HCA/ RPs- site by site basis or portfolio approach)

7.12 **Next steps:**

	Action	Lead	Timescales
1	Continue the 'Open for Business' approach in working with land owners and developers to bring forward development on both housing and employment sites.	Planning Applications team	On going
2	Invite land owners and developers of sites with planning approvals to understand the constraints and barriers to development with a view to agree actions/ support mechanism to bring the sites forward	Regeneration team working jointly with planning applications team	October 2016 – March 2017
3	Procure professional advice to analyse case studies of similar delivery arrangements elsewhere in the country and options appraisals for delivery mechanism including risk analysis	Regeneration team working jointly with the Legal team	October 2016 – March 2017
4	Prepare briefs and procure consultants to prepare masterplans, appraisals and valuations for the sites where relevant	Regeneration Team working jointly with the Property team	October 2016 – March 2017
5	Report to the Council with	Regeneration	March 2017

	recommendations for a preferred delivery mechanism and its implications including risks and specific resource requirements	team working jointly with Finance team	
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7.14 **Governance:** Both delivery programmes will be led by the Regeneration team and will report to the Transformation Board via Executive Director of Place.