

Report to: **Cabinet**

Date of Meeting 6 January 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Cranbrook Town Centre

Report summary:

This report provides an update on progress with negotiations with the East Devon New Community partners over the delivery of Cranbrook Town Centre. Following discussions at Strategic Planning Committee and further discussions with the developers there remains two options for Members to consider. The first is the developers offer to deliver a commercially led town centre focused around a Morrison's supermarket and bringing forward the delivery of a number of community facilities that are required to be delivered later in the build out of the town under the Section 106 agreement. However due to claimed viability issues this option leads to an overall shortfall in infrastructure and affordable housing when considered against policy requirements. This option would however lead to the delivery of at least part of the town centre over the next few years and a clear path for the delivery of a fit for purpose town centre in the future through council investment. The alternative option is to progress a supplementary planning document for the town centre to try and encourage development and proactively develop the town centre as a Council with the likely need to use compulsory purchase powers and an even greater council investment to deliver the town centre. This option is likely to lead to a significant delay of any delivery in the town centre beyond the basic Section 106 requirements and the loss of the proposed Morrison's supermarket investment.

Recommendation:

That Members:

1. Consider the updated offer from the East Devon New Community Partners (EDNCp) and note progress on the proposed Cranbrook Town Centre Supplementary Planning Document and funding options for its delivery.
2. Consider the bullet pointed principles highlighted in the conclusion to the report and in the event that they are content with these then agree in principle to the Memorandum of Understanding now proposed by the EDNCp and delegate authority to the Chief Executive and Portfolio Holder Strategic Planning to sign the final MOU on behalf of the Council.
3. Consider whether they wish to proceed with the proposed Supplementary Planning Document for the Town Centre to guide development in the town centre.

Reason for recommendation:

To provide clarity to the EDNCp over the acceptability of their proposals and direct a clear route to the delivery of a town centre at Cranbrook.

Officers: Ed Freeman, Service Lead – Planning Strategy and Development Management

Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

This report provides a further update on how negotiations have progressed and seeks member's views on the direction in principle that should be taken. There are significant financial implications for the Council in options presented which cannot be determined at this point. Land purchase alone excluding the delivery of community assets could be in the region of £3m to £5m, such details are unknown are not presented in this report or funding approval sought at this stage. Such details will require to be presented in a business plan considering total costs and funding sources available; this would need to be considered by Cabinet and Council in time as further details are known.

Legal implications:

As set out within the 22nd October Report production of an SPD is governed by the Planning and Compulsory Purchase Act 2004 and the Town and Country Planning (Local Planning)(England) Regulations 2012, it would be subject to public consultation but not subject to independent examination. A memorandum of understanding is a statement of intent by those who are party to the memorandum and is not a legally binding document. Any planning proposals including variations to the existing s106 would be required to progress through the normal formal planning process and determination. Other legal implications are as set out within the report.

Equalities impact Low Impact

Climate change High Impact

Risk: High Risk.

Links to background information

[Strategic Planning Committee 22 October 2020](#)

[Strategic Planning Committee 15 December 2020 - Agenda Item 7](#)

[The Cranbrook Plan \(submitted\) web pages](#)

[High Streets and Town Centres in 2030 Inquiry report](#)

[The Grimsey Review: The Vanishing High Street](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
 - Outstanding Homes and Communities
 - Outstanding Economic Growth, Productivity, and Prosperity
 - Outstanding Council and Council Services
-

Background

Since work began on the development of the new town of Cranbrook in 2011, around 2,200 houses have been occupied pursuant to the planning permissions secured by the East Devon New Community partners (EDNCp). The EDNCp are the consortium of developers, comprising Persimmon Homes, Taylor Wimpey and Hallam Land Management, who came together to bring forward the outline planning application and have delivered the town so far. To date alongside around 2,200 homes the town has also been provided with a primary school, all-through school for 2-16yr olds, railway station, community building, neighbourhood centre shops, country park, numerous play areas and a public house, the latter of which is the only non-residential building in the town centre so far.

With development now having surrounded the town centre land, and the town having a population of around 5,000 people, and with some of those residents having lived in the town for 8 years, the need to deliver a town centre is of ever increasing importance to ensure that the population has access to the facilities, services and jobs needed to support it as it continues to grow. That growth is anticipated to reach almost 8,000 homes with the expansion of the town currently being pursued through the Cranbrook Plan Development Plan Document which is in the process of being examined by the Planning Inspectorate.

In recent months, two reports have been presented to the Strategic Planning Committee (22 October & 15 December 2020, links above) in relation to Cranbrook Town Centre and the two differing options for its development. The October SPC report contained a full history background of the town and the associated planning applications, discussion of local and national planning policy in relation to town centre development and of research in to town centres. The December SPC report detailed the most recently tabled offer from the EDNCp at that time and included a draft of a Supplementary Planning Document as an alternative way forward.

22nd October SPC

At the Strategic Planning Committee meeting of the 22nd October 2020 Members considered two options for the delivery of Cranbrook Town Centre. The first was to agree in principal proposals brought forward by the EDNCp by signing a Memorandum

of Understanding to give the EDNCp comfort to invest in bringing their proposals through the formal planning process. The alternative was to move forward with the production of a Supplementary Planning Document (SPD) detailing proposals for the town centre which officers have produced based on the requirements of the existing planning policy position as detailed in the Local Plan and emerging Cranbrook Plan. At the meeting Members determined the following:

RESOLVED:

- 1. That the background to Cranbrook Town Centre, the planning obligation requirements on the developers, and the current planning policy position have been considered;*
- 2. That the proposals made by the East Devon New Communities Partners and the officer's concept for a proposed Town Centre Masterplan have been considered;*
- 3. Advise the East Devon New Communities Partners that the Council is not minded to enter into the proposed Memorandum of Understanding based on the proposed heads of terms at the present time, but is open to further negotiation;*
- 4. That work continues on the draft SPD Masterplan. In the event that sufficient funding commitments are made, a draft SPD and delivery plan be presented to the Strategic Planning Committee in December 2020. In the event that sufficient funding cannot be identified, a further report be brought to the Strategic Planning Committee in December 2020 to update Members and give consideration to the East Devon New Communities Partners proposals as they stand at that time;*
- 5. That a further report be brought to the Strategic Planning Committee to consider alternative development delivery vehicles.*

RECOMMENDATION to Cabinet:

That funding be made available to support the pro-active delivery of the town centre, based on the draft SPD Masterplan.

15th December SPC

At the Strategic Planning Committee meeting of 15th December, Members considered an updated offer for town centre development from the EDNCp alongside a draft of a Supplementary Planning Document which sets out an extended retail, commercial and community offer from that presented by the EDNCp. A copy of the updated parcelisation plan, detailing the various land parcels is attached as appendix 2. A video presentation made to SPC by the EDNCp is also available at: <http://www.cranbrooktowncentre.com/> Members welcomed the moving of the Extra Care facility onto parcel TC1, which is a preferential location for this facility and frees up space on TC2 for more suitable uses, however they expressed concerns with the size of the town square and the basis for the tabled EDNCp offer particularly the value expected for Parcels TC4d, TC4e and TC3 to be transferred to EDDC. There was also concern about restrictions proposed on the scale of food retailing that could be accommodated on parcels that would be passed to EDDC. Members sought to defer a decision for further negotiations to take place and for these to be reported to Cabinet. The full resolution was:

RESOLVED:

That Members delegate to the Portfolio Holder for Strategic Planning, the Leader and Deputy Leader and the Strategic Lead for Planning to negotiate further with the Consortium regarding the Memorandum of Understanding. The result to come to either Cabinet on 6 January 2021 or a Cabinet held within 14 days of that date and also that the Supplementary Planning Document is noted and kept in reserve pending the result of the Memorandum of Understanding negotiations.

Discussions since 15 December

Since the SPC meeting of 15 December discussions with the EDNCp have continued with some further movement regarding the previously tabled offer for the town centre development. No additional land is being offered and no land value discussions have taken place regarding the purchase price of TC3, TC4d and TC4e. In addition no additional S106 monies are being offered in relation to the delivery of infrastructure. However, in addition to agreeing to the publication of their viability evidence (attached as Appendix 4), there is agreement from HDD (proposed developers of parcel TC4a) and Morrison's to increase the restriction on other food retailing units in the town centre from 1,000 sq. ft. GIA (Gross Internal Area) to 1,500 sq. ft. GIA. In agreeing to this, HDD have submitted a letter to demonstrate that most smaller food retailing offers such as bakeries, greengrocers and fishmongers are usually under 1,000 sq. ft in floor area. Officers have reviewed this information, which includes examples of shop sizes in Honiton and further afield and consider that a 1,500 sq. ft. size restriction is acceptable. While it would not allow a shop akin to the size of the Co-op at Younghayes Road in phase 1 of the town, it would allow the provision of smaller food retailing units and the type of offer which Officers envisage being made available to meet the needs of the residents in the town centre. There will be two additional neighbourhood centres under proposals within the Cranbrook Plan DPD in the expansion areas of the town and these could have larger food retailing offerings such as that at the Co-op in phase 1. It is also important to note that the food retailing restriction is time limited as well and would not apply once whichever is the sooner of 10 years after the land has transferred to HDD/Morrison's or 5 years after the store has opened. There would therefore be potential for larger food retailing units to come forward at a later date. Given the time needed to deliver units on land passed to EDDC as part of the town centre this further reduces the impact of the proposed restriction.

In relation to the size of the town square on parcel TC4a, it is important to remember that this is not something to be agreed through the MOU but is part of an on-going discussion as part of the pre-application discussions for future planning applications for the town centre. The EDNCp have however indicated that the size of the eastern retail block (shown on their option plan included as Appendix 3) could be reduced in size slightly and moved further east to assist the design of the square. During the pre-application discussions in relation to parcel TC4a, officers suggested amendments be made to the southern boundary of the square to better assist the creation of the public realm and accessibility to Morrison's. The EDNCp also point out that the handing over of land on TC2 that is over and above the existing S106 obligation presents an opportunity to link the two spaces on either side of Tillhouse Road and increase the size of the

public realm on the north side of the road. Officers consider that this opportunity should not be overlooked and whilst it is important to ensure that the southern square is suitably sized, having regard to its location and orientation, the scope for linking spaces across Tillhouse Road alongside the final treatment of this stretch of road could deliver a much enhanced public realm. The road could be closed in future to enable events to be held that would involve the whole square and span both sides of the road.

Viability

At the SPC meeting on 15 December, Members expressed concern with the viability argument which has been put forward by the EDNCp as one of the primary drivers for the current proposals.

As a viability argument is being pursued, Officers have repeatedly requested the submission of a full open-book viability appraisal to demonstrate this position but have only been provided with what has been termed a 'viability sketch' to set out the costs and revenues arising from the delivery of the town from inception to completion. The EDNCp have now agreed to the publication of that viability sketch, which is included as appendix 4. This leads to a greater level of openness and transparency about the EDNCp's case with regard to viability.

Whilst the consideration at this stage is not to determine any planning applications for the town centre, rather to indicate whether to agree a MOU for the EDNCp scheme, the existing Local Plan, National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) are of relevance to the consideration of development viability in reaching this decision.

Strategy 34 of the East Devon Local Plan relates to affordable housing site targets and states that where a proposal does not meet the policy requirements applicants are required to submit evidence to demonstrate why provision is not viable or otherwise appropriate and that an overage clause will be sought where a lower provision is agreed on viability grounds. Further guidance on viability issues is contained in both the adopted affordable housing SPD and the Planning obligations SPD. These documents echo government policy within the NPPF and PPG.

Paragraph 57 of the NPPF states the following:

Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

The NPPG includes the following in relation to viability at application stage (reference ID 10-007-20190509):

Should viability be assessed in decision taking?

Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.

Within the viability sketch provided some of the costs and revenues are forecasts as they haven't yet been realised but many are based on known figures. It is stated that the profit margin anticipated at the inception of the development was 16% but that even with the current obligations and town centre development proposed, it is forecast to be lower than this, at 13.6%. It is for this reason that nil affordable housing is proposed for any housing over and above the existing outline housing numbers and also why a reduced package of existing S106 obligations is proposed and why little other S106 contributions are forthcoming in relation to the additional housing over and above the outline consent housing numbers. It is asserted that the non-delivery of these elements would help to bring the profit margin back towards the inception expectations.

Officers have previously expressed concern that the viability sketch provided does not follow the standard methodology for viability appraisals set out in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) and that the inputs and outputs used do not present a full picture of the costs and revenues associated with the development. The EDNCp argue that this methodology is not compulsory and is not appropriate in this instance due to the complexity of the development and the fact that much of it is complete. It is agreed that the delivery of Cranbrook is complicated, however the standard methodology and inputs/outputs for viability appraisal is suitable for developments of varying sizes, including for plan making. Indeed, this methodology is currently being utilised to appraise the viability of the expansion of Cranbrook as part of the examination into the Cranbrook Plan DPD; the EDNCp have not criticised the use of this methodology for this purpose.

Of particular concern to officers is that residential build costs and revenues do not appear to be included within the viability sketch and this would be likely to have a marked impact upon the overall return. This concern was set out in detail from the

bottom of page 32 of the 22 October SPC report. It is also important to note that the EDNCp are measuring the viability of the scheme against their own expectations when the land was acquired which is not the basis for an NPPF compliant assessment of viability.

Unfortunately viability appraisals rely on information being provided by the developers particularly in complex cases such as this where it would be impossible for officers to estimate the viability position without more information. The developers refuse to submit the required information in this case and have indicated that they would rather sit on the town centre proposals for a couple of years than do so. It is therefore considered that Members have the choice of noting what has been presented by the EDNCp and affording it appropriate weight given officers concerns or rejecting the MOU due to the lack of a full viability assessment with the likely outcome being that the delivery of the town centre is stalled for a number of years.

Land purchase

The purchase of additional town centre land is considered to be very important in being able to secure the delivery of facilities and services in appropriate locations and which will be capable of meeting the needs of the town as it grows towards 8,000 homes.

Should EDDC wish to pursue the option to purchase one or more of parcels TC3, TC4d or TC4e from the EDNCp, the MOU as drafted sets an expectation for a market residential value to be paid for the land. This value has been stated by the EDNCp as in the region of £1.1m/acre. As set out in the 15th December SPC report, there are concerns over some of the assumptions used by the EDNCp in arriving at this value, which has increased from an original indication that it would be in the region of £850k/acre.

The lower figure is that which was originally presented to EDDC, however upon reflection, the EDNCp have increased the amount quoted on the basis that the land would not be delivering affordable housing should it come forward for a purely residential purpose. No negotiations on the land value have yet begun with both parties agreeing that valuers for both sides would need to be appointed to begin the process of negotiating a price for purchase. It is therefore just the principle of the value being based on a market residential land value that the EDNCp are looking to establish at this stage with the final value to be determined through further negotiation and then included in the final MOU.

Whether the higher or lower figure indicated by the consortium is used the suggested values are in the region of 3 to 4 times the value that the land is estimated to be worth for the purposes of community, leisure and employment purposes as is intended. There are however a number of factors to be borne in mind when considering this issue:

- Residential units could be developed on upper floors above community, leisure and business spaces and in other areas to add value into any scheme and realise a land value closer to that being sought.
- The cost of acquiring the land could be met from enterprise zone borrowing against future business rates receipts. With 100% of business rates being retained in the enterprise zone for another 22 years there is potential for the excessive cost of the land purchase to be repaid through the business rates received through its development that would not otherwise be received if developed for housing under the consortium proposals.
- The alternative to reaching an agreement to acquire land from the consortium is to use compulsory purchase powers however this could easily take 4 – 5 years, incur substantial legal costs and has no certainty of acquiring land at a significantly lower value than is being sought by the consortium.
- Ultimately land is worth what someone is willing to pay for it and so land valuations only tell part of the story of what land is actually worth in reality.
- There may be opportunities to work in partnership as a joint venture with a development company to deliver the aspirations for the town centre which would minimise risks and help to recover some of the land costs.
- Although a detailed business case has yet to be worked up it is worth bearing in mind that the land cost is only a relatively small component of the overall costs of developing any parcels purchased. There may be opportunities to recover some of the cost through rental income and business rates receipts with relatively little build cost if temporary and modular units are used initially to test the market and the needs of the community.

The final table in Appendix 4 sets out the proposed terms in the MOU for the purchase of these additional parcels.

Section 106 obligations

Appendix 4 sets out a table of existing S106 obligations, how the EDNCp propose to address them and also S106 obligations for any additional housing brought forward outside the outline planning permission.

The additional land now offered for nominal consideration on parcel TC2, amounting to 0.64 ha has come forward on the back of the EDNCp no longer being able to meet their existing S106 obligation for sports pitch delivery within phase 1 of the town. Alongside that existing obligation there is also a requirement for the provision of an all-weather sports pitch which they also no longer propose to fulfil. It had previously been agreed through an MOU in 2016 that the remaining sports pitch land and an all-weather pitch would be provided in the Tresbeare expansion area, however the consortium no longer hold an option on this land. In effect the 0.64ha of additional town centre land is in-lieu of these requirements. In terms of land area there is some debate as to how much sports pitch land is outstanding but it is considered to be at least 0.8ha. Then the cost of

delivering an all-weather pitch on it has to be factored in as well. This could be in the region of £900k according to Sport England. In response the consortium would argue that the all-weather pitch has been provided at the education campus and that the short fall in sports pitch land is because they have overlaid the cricket square on the football pitches thereby saving land. While these factors lessen the impact of this issue the fact remains that they have not delivered what was required and agreeing the MOU would remove the ability to secure any more. Although the all-weather pitch at the education campus is currently available for community use outside of the school hours this cannot be guaranteed in the future which is why the S106 agreement stipulates that it shall not be at the education campus.

The issue with the sports pitch land and all weather pitch is also part of a wider issue of proposed under provision in terms of the usual contributions that would be expected towards infrastructure from a development like this. There remains a shortfall in infrastructure funding of around £2.2million as can be seen from the table in appendix 4. While through a process of reprioritisation with regard to funding from the expansion areas can ensure that higher priority infrastructure is still delivered it will clearly lead to an overall funding shortfall for infrastructure which will impact to some extent on the public purse in the future or the quantity and quality of infrastructure to support the town.

The position with regard to the Section 106 obligations clearly impacts on infrastructure to be delivered by Devon County Council and so it is important to note their position on the proposed MOU. Prior to the last meeting of the Strategic Planning Committee DCC Officers provided the following statement to summarise their position:

Without prejudice and subject to political agreement.

Unfortunately we have not had the opportunity to discuss the revised offer with the East Devon New Community Partners (EDNCp) and there remains some issues to be bottomed out in terms of financial contributions and triggers. However, we welcome the revised offer, in particular the early provision of the land and financial contributions towards the construction of a County Council facilities building and relocation of the Extra Care Housing. In the event that your Strategic Planning Committee agrees in principle to the revised Memorandum of Understanding the County Council will work pragmatically with all parties to ensure a satisfactory outcome.

Member's attention is also drawn to the views of the Cranbrook Strategic Delivery Board which are attached as Appendix 1. Although these have not been updated since prior to the December Strategic Planning Committee their views remain important to the consideration of this matter and are supportive of the proposed consortium offer.

Benefits of the EDNCp offer

Despite the concerns highlighted with regard to viability and the impact of this issue on the cost of acquiring town centre land and the funding for infrastructure it is important to

remember that there are a number of clear benefits of accepting the EDNCp offer. The key benefits can be summarised as follows:

- The early delivery of a Morrison's Supermarket which according to EDNCp could be open by the end of the summer 2022.
- The delivery of 500sqm of retail space in addition to the 500sqm required to be delivered under the Section 106 agreement. According to the EDNCp this could be open by the end of 2022.
- The delivery of a children's day nursery which could also be open by the end of 2022.
- Alongside the above would be the delivery of the town square.
- It secures the early delivery of the town council facility which is not otherwise required until 3450 homes have been built.
- It secures the early delivery of the library and youth facilities which are also not required until 3450 homes have been built.
- The option for EDDC to acquire land within the town centre by agreement.

SPD

With regard to the proposed Supplementary Planning Document Officers have made significant progress in producing a draft document and appended to the report to SPC on the 15th December was a working draft of a document that could be completed and made ready for consultation in February. The document identifies a number of key principles for developing the town centre and considers how it could come forward either with or without the HDD/Morrison's proposals. It then seeks to use the masterplan layout included in the previous officer report to illustrate how the town centre could come forward if these principles are applied.

In the event that Members are not content with the revised offer from the consortium then it is still considered that the SPD presents the best alternative way of progressing the town centre accepting that any delivery of the town centre through this route would be significantly delayed due to the likely need to CPO land. Even if Members are minded to accept the consortium offer there would be some merit in concluding work on the SPD as a guide to town centre development that can inform future decision making on planning applications and to engage with the community on how the parcels transferred to or acquired by EDDC come forward. There is however significant work still to be done on this and Members may consider that resources are better used elsewhere.

Conclusion

It is considered that the revised consortium offer presents the best option of delivering a town centre that is fit for purpose now and in the future but that this approach would only be successful in the event that Members accept:

- That in order to achieve the required mix and quantum of uses the Council would need to acquire land within the town centre under the MOU now being offered.
- That in order to acquire that land by agreement from the EDNCp the Council will almost certainly have to pay a market residential land value which would be in

excess of the lands value for the purposes that the Council would be looking to use it for.

With regard to the planning obligations and delivery of infrastructure to support the development Members would also need to accept:

- That there are sufficient exceptional circumstances in planning terms to justify not insisting on an NPPF compliant viability appraisal in this case and accepting the viability arguments made by the EDNCp.

The production of the proposed supplementary planning document and proactive delivery of the majority of the town centre by EDDC presents the only viable alternative to the EDNCp offer. However this option is very uncertain at this time, would be likely to involve the use of CPO powers to acquire the land and lead to significant delays in the delivery of the town centre.

CRANBROOK STRATEGIC DELIVERY BOARD

RECOMMENDATION ON THE TOWN CENTRE PROPOSALS

1 DECEMBER 2020

In this document, the Cranbrook Strategic Delivery Board provides further comments to East Devon District Council's Strategic Planning Committee on the revised proposal by the East Devon New Community Partners and the proposal to develop a supplementary planning document for the town centre.

The Board had already submitted statements to East Devon District Council's Strategic Planning Committee dated 23 and 28 September 2020 which was included in the report by East Devon District Council's Service Lead – Planning Strategy and Development Management to the Strategic Planning Committee meeting on 22 October 2020 and this document should be read in conjunction with the Board's earlier comments.

Proposal by the East Devon New Community Partners

The Cranbrook Strategic Delivery Board broadly welcomes the changes and enhancements contained in the latest proposal by the East Devon New Community Partners, particularly the inclusion of the transfer of parcel TC1 for construction of extra care housing and the option for East Devon District Council to purchase additional parcels TC3, TC4d and TC4e for the provision of additional facilities which can include a leisure centre, health and wellbeing uses and commercial space – providing for flexible uses as and when future needs arise.

The Board notes that the purchase of the additional land parcels will require agreement on the land value, and that the developers will seek residential value for that land. East Devon District Councillors should be aware that using those parcels for commercial and / or community use will result in a diminution of those values on transfer to the District Council.

At its meeting on 1 December 2020, the Board was encouraged that East Devon District Council's planning officers were now minded to support the new proposal by the East Devon New Community Partners.

The developers' proposal will be considered on the basis that East Devon District Councillors will accept the exceptional circumstances of not having a viability assessment which is compliant with the National Planning Policy Framework. In section 57, the National Planning Policy Framework explains that "it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage". The Board notes that an application stage has not been reached yet and therefore insisting on a detailed viability assessment at this stage is considered unnecessary.

Section 57 of the National Planning Policy Framework goes on to explain that "the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case". The Board agrees with the East Devon New Community Partners that a global pandemic and the resulting economic situation provide sufficient justification to consider the current situation exceptional. The Board previously questioned East Devon District Council's financial ability to fund the delivery of the town centre via a supplementary planning document as per the Board's comments dated 23 and 28 September 2020.

The Board notes that Devon County Council officers welcome the reviewed location of the extra care housing and remain content with the site location for Devon County Council's proposed multi-purpose building.

Therefore, the Board recommends that the Memorandum of Understanding relating to this proposal is signed without delay by East Devon District Council so that the development of the town centre can progress to planning applications being submitted by the developers.

Proposal by East Devon District Council's Planning Officers

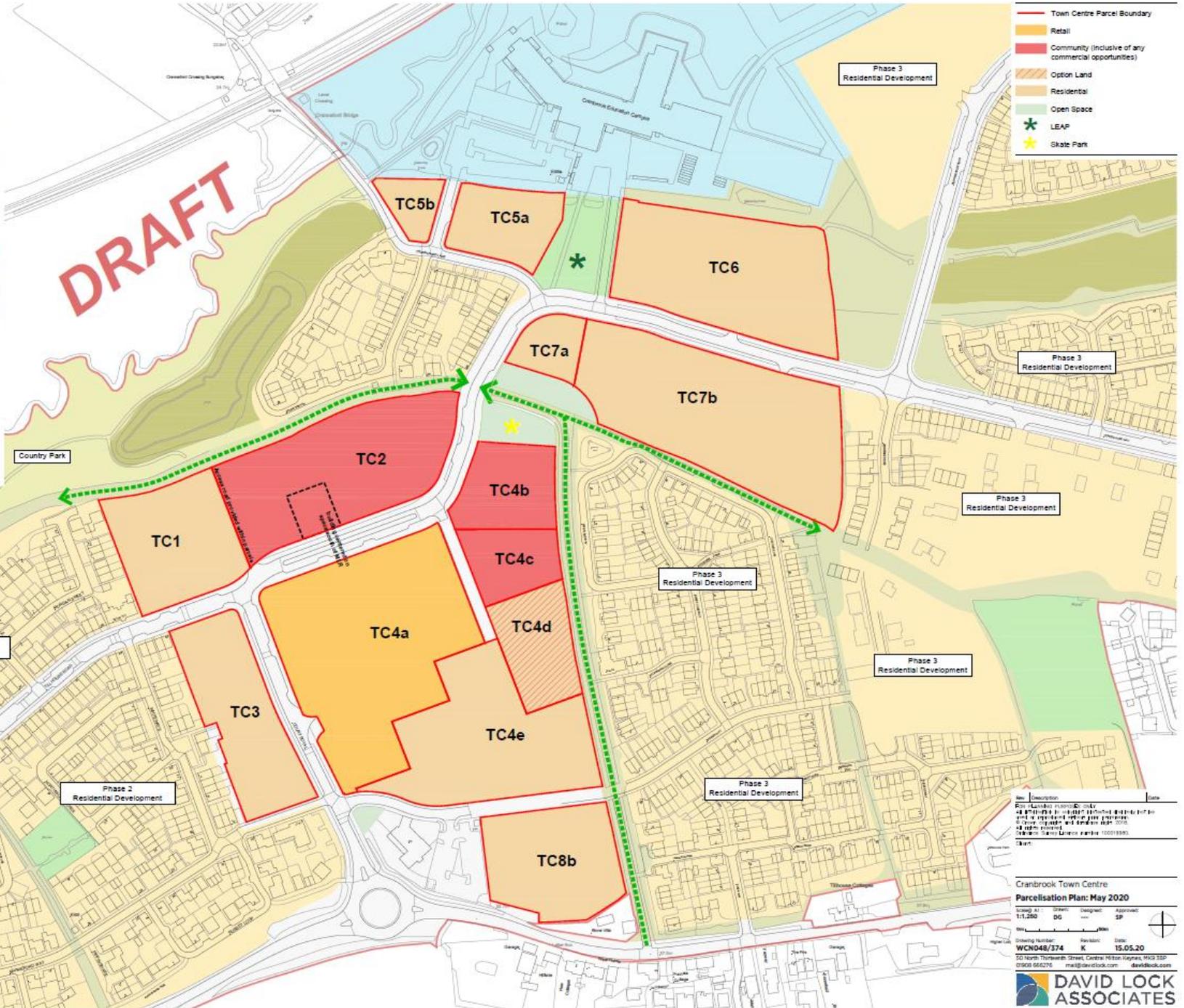
The Cranbrook Strategic Delivery Board continues to not support the further development of a supplementary planning document relating to the town centre for the reasons outlined in the Board's submission to the Strategic Planning Committee dated 23 and 28 September 2020 which was included in the report by East Devon District Council's Service Lead – Planning Strategy and Development Management to the Strategic Planning Committee meeting on 22 October 2020.

Appendix 2: Cranbrook Town Centre Parcel Plan



Town Centre Development Parcels		
TC1	0.69 ha	1.70 acres
TC2	1.20 ha	2.96 acres
TC3	0.72 ha	1.78 acres
TC4a	1.72 ha	4.25 acres
TC4b	0.40 ha	0.99 acres
TC4c	0.30 ha	0.74 acres
TC4d	0.41 ha	1.00 acres
TC4e	1.12 ha	2.78 acres
TC5a	0.37 ha	0.91 acres
TC5b	0.15 ha	0.37 acres
TC6	1.23 ha	3.04 acres
TC7a	0.19 ha	0.47 acres
TC7b	1.57 ha	3.88 acres
TC8b	0.68 ha	1.68 acres

Notes: Parcels taken to back of footpath and centre line of hedgerow. No allowance for hedgerow root protection.



Date: _____ Description: _____ Date: _____
 Prepared by: David Lock Associates
 Checked by: _____
 Drawn by: _____
 Scale: 1:1,250 DG
 Drawing Number: WCN048/374
 Date: 15.05.20
 10 North, Thornwood Street, Cranbrook, Kent, TN11 3SP
 01622 552276 mail@daivlock.com daivlock.com
DAVID LOCK ASSOCIATES

Appendix 3: Proposed layout showing the extra care facility on TC1 and a combined health and wellbeing and leisure centre on TC2



PRELIMINARY FOR DISCUSSION

1432-SK005A 1:1000@A1 11/20

All information is copyright of DLA Architects Practice and may not be used or reproduced without prior permission. © COPYRIGHT DLA ARCHITECTS PRACTICE LTD

CRANBROOK TOWN CENTRE

Summary table of MOU offer against S106 obligations

Use/Item	Area of land required (ha)	Delivery of building	Final trigger	Requirement comprises	December 2020 Proposal
Class A uses			n/a		
	5 High street units	500 sq. m	2000 homes	Land and building	To be built by HDD on TC4a (completion anticipated 2022)
Class B1		Units to include 1 unit up to 4000sq. m	n/a		Nil
Youth facilities	0.2	480 sq. m	3450 homes	Land and building	TC4b to be transferred to DCC for £1 upon the completion of the MOU. £3m financial contribution for Youth, Library & Children's Centre paid: <ul style="list-style-type: none"> • £100k upon the transfer of parcel TC4b to DCC to be used for the design of the building(s); • £1.5m 6 months following the Town Centre retail planning permission being Judicial Review (JR) free (6 weeks after approval) and completion of the associated S106. • £1.4m 12 months above the £1.5m payment above.
Library	0.1	450 sq. m	3450 homes	Land and building	
Children's Centre	0.1	250 sq. m (£432,000 Index linked)	2500 homes	Land and building	
Police and ambulance	0.25 Police + Parking for 2x Ambulances		2500 homes	Serviced land	TC1, part of TC2 and TC4c to be transferred for £1 to EDDC, DCC or CTC (as appropriate) upon the grant of the first JR free Town Centre residential consent and completion of the varied S106 agreement.

Health and well being	0.7		2500 homes	Serviced land	<p>£592,000 financial contribution for the Town Council facility paid 18 months after the JR free Town centre residential planning permission(s) is secured and completion of the variation S106 agreement. <i>Officer note – use of the term ‘town centre residential planning permission(s)’ is different to the first para. Re. land transfer as it doesn’t tie the trigger for the payment to only the first town centre residential planning permission.</i></p> <p>Parcels TC1, TC2 (part of) and TC4c would be transferred allowing EDDC, DCC and/or CTC (as appropriate) to use them for use as it though fit and appropriate within the confines of the CIL Regs provide that such uses do not adversely affect financial or commercial viability of EDNCp’s development.</p>
Extra care	0.5		2500 homes	Serviced land	
Town Council Facility	0.05	237 sq. m	3450 homes	Land and building	
Public Conveniences	N/A	Only if not within a commercial building	2000 homes	Land and building or commuted sum of £200k (if not within a commercial building)	<p>To be provided within a public building.</p> <p>No commuted sum or capital contribution for construction.</p>
Public Realm and Public Art	N/A	N/A	Agree details prior to commencement and payment of contribution at completion	EDNCp to deliver with commuted sum for maintenance.	Obligations discharged by development of parcel TC4a
Design Codes	N/A	N/A	18 th May 2019	To be submitted and agreed.	<p>To be deemed discharged</p> <p>Design Statement to be agreed between the parties</p>

Car Parking Strategy	N/A	N/A	18 th May 2019	To be submitted and agreed.	To be deemed discharged
Marketing	N/A	N/A	18 months following agreement of design codes	To market all town centre retail space	To be deemed discharged
District Heating	N/A	N/A	To connect all development.	Reasonable endeavours to connect.	EDNCp to provide DH to dwellings (<i>note not the commercial units</i>) provided the cost is no greater than a currently unspecified amount per plot. If costs are greater than those anticipated than EDNCp and HDD shall use a low carbon alternative.
Sports Pitches	7.3ha in total across existing consent. Current delivery shortfall of between 0.9ha and 1.45ha	To include pavilion at Ingram's	All delivered by 3000 th dwelling	Sports pitches definition also includes the allotments (0.8ha) and an AGP (not to be part of the Education Campus).	No delivery of or financial contribution towards an AGP (cost c. £900k). No additional land specifically provided for sports pitches. 0.64ha of town centre land to be transferred to the Council in excess of other obligations and is in effect in-lieu of sport pitch land.
Affordable Housing pursuant to current outline				28.68%	28.68%, equating to 27 units Previously understood that these units would be provided in the purely residential parcels but unclear from latest MOU draft.
Traffic Monitoring, off-site Public Transport					Existing obligations totalling c. £668k (with indexation) removed.

Interchange, Bus detection, M5 J29 works					
--	--	--	--	--	--

--	--	--	--	--	--

Obligations for Extra over housing – to be secured through S106. No timescales for payment given for any item unless stated

Item	EDDC/DCC request (per dwelling)	December 2020 Proposal
Hab Regs Mitigation	<p>Payment of £499 per dwelling for non-infrastructure mitigation</p> <p>Payment of £2,052 per dwelling for costs associated with delivery and maintenance of SANGS, including estimated land purchase costs.</p> <p>Total per dwelling: £2,551</p>	<p>No direct SANG provision</p> <p>Financial contribution of £2,551 per dwelling</p>
Formal play	£107,366	<p>Nil – monies used to increase contribution toward Town Council Office delivery</p> <p>£1,172 per dwelling for Primary Education</p> <p>£1,045 per dwelling for Sustainable Transport</p> <p>£72 per dwelling for shared cars & e-bikes</p> <p>Both payable when the £1m payment due from DCC in relation to the Clyst Honiton Bypass.</p> <p>The trigger for these payments are immediately following DCC paying the EDNCp £1m as set out under clause 29.1</p>
Allotments	£50,930	
Bowling Green Provision (off-site)	£3,441	
Primary Education	£3,449	
Sustainable Transport	£2,219	
Shared Cars & E Bikes	£71.94	

		of the existing S106. This £1m payment is due once 56,000 sq. m of floorspace is delivered at Skypark. To date 15,030 sq. m of floorspace has been given detailed consent, of which 13,208 sq. m. implemented. There is an undetermined application for an additional 3,307 sq.m
Affordable Housing	15% based on Cranbrook Plan (c. 43 units)	Nil
Formal Open Space	£423	Nil
Amenity Open Space	£122.30 (have indicated that could probably nil rate due to existing provision)	Nil
Natural/semi natural open space	£333.30 (have indicated that could probably nil rate due to existing provision)	Nil
Sports pitches	£841.32	Nil
Leisure Centre	£942.45	Nil
Cricket (off-site)	£74.33	Nil
Health & Wellbeing Hub	£2102.97	Nil
Off-site walking & cycling infrastructure	£606.71	Nil
AGP contribution (off-site in Broadclyst)	£67.14	Nil

Additional land purchase offers in MOU

Balance of parcel TC2	<p>EDDC may acquire the remainder of the parcel for £1.</p> <p>Offer to transfer shall be made within 1 month of the completion of the varied S106 agreement and the grant of the first residential planning permission and remain open for 6 months for EDDC to accept a transfer.</p> <p>If offer to transfer isn't accepted then EDNCp will be free to develop it for residential purposes.</p>
------------------------------	--

Parcels TC3, TC4d and TC4e

EDDC may acquire the parcels for a price per acre to be agreed before the MOU is signed and to reflect market residential value per acre.

Offer to transfer shall be made upon completion of the MOU and remain open for 18 months. EDDC shall accept the offer to transfer an entire parcel or none of that parcel.

If the offer to transfer isn't accepted within the 18 month period then EDNCp will be free to develop the land for residential purposes.

If EDDC purchase a parcel/s they shall be free to use it for uses as is thought fit and appropriate and may include town centre uses under the existing s106 agreement provided that such uses do not adversely affect financial or commercial viability of EDNCp's development.

East Devon New Community

Town Centre: Viability Notes

Review date: ~~13th July 2020~~^{June 2020}

Formatted: Superscript

1. Objective:

1.1. **Notes on the Land Viability summary:** The intention is to set out a brief summary behind the key elements and factors impacting upon the viability of the Cranbrook Development from signing of Agreements and Land draw-down – to the present day: 2020. It has been suggested that residential receipts (from the sale of houses) should be included in the viability, indirectly they have been as it is the receipts derived from those sales that result in the land value per net acre.

2. Land Holding:

2.1. **Overall Land Area:** At inception the overall gross area of the development was some 415 acres. Of this circa 186 acres comprised residential parcels and 23.50 acres comprised the Town Centre. It is noted that the Town Centre itself has shifted location slightly to the East of the original DFP location as a result of the Phase 2 / 587 Units consent. Further, as at 2020, the residential area has increased by circa 7 acres, to 192.77 acres in total, as a result of modifications to the area required for the Education Campus and the margins of the TC land. The benefit of this additional residential area is reflected in the Viability calculations. The residual acreage in the town centre, after the disposal of 4.25 acres of TC4a to HDD (see 3.2 below), comprises 17.61 acres.

3. Land Values:

3.1. **Land Values:** At inception the expectation, against which the scheme was signed off by all three boards, was that residential and Town Centre values were circa £1m/acre. In reality this has never been delivered. Today we see residential land values at circa £900k/ac. Across the period of development Residential values have averaged £810k/acres (This figure derived from land receipts). Accordingly, we have used these figures in the Viability summary table. In short, though, Cranbrook has never secured expected land values

3.2. **Adjustment for Morrison Deal:** Similarly Cranbrook revenues have disappointed in the Town Centre. The spread sheet shows a net figure anticipated for the Morrison and High Street units and Children's Nursery comprising £600k for the 4.25 acres, the gross figure is £1.8m but £1.082m is deducted for infrastructure and £109k for town square works.

3.3. **Sale of the Pub Site:** For completeness we have shown the receipt form the sale of this site to Hall and Woodhouse during 2016 at £1010k.

3.4. **EDDC LIF Loan Contribution:** The full cost of the loans to advance the delivery of the Town Centre Infrastructure and bring forward the Education Campus under the Loan Agreements with the HCA signed during 2013 are included with the Consortium budget. Part of this included a contribution of £350k fro EDDC towards the interest burden. We have therefore shown this in the value section of the Viability summary.

Formatted: List Paragraph, No bullets or numbering

3.5. **Young Hayes Shop Sale:** £567k receipt from Devon and Cornwall Housing included (I do not think this is the right figure as I recall we made a loss, I believe this is the gross figure before costs are netted off, being checked).

Formatted: No bullets or numbering

~~3.4.~~

4. Costs of Servicing the Land:

4.1. **Original Infrastructure Budget:** This sum represents the assessed infrastructure / servicing / s106 costs at the time that the planning and other agreements where signed. Through aggressive valuation engineering measures we have managed to reduce the overall liability to £93.5m as at 2020 (from £118m). Again, we have therefore reflected this saving in the Viability summary.

4.2. **Grant:** We have allowed the non repayable grant received against the MPB, Clyst Honiton By-pass, HCA and other sources at £8m in addition to (deducted from) the Infrastructure Budget figures above.

4.3. **Affordable Housing:** As the viability shows in the round, an Affordable Housing contribution cannot be generated.

Formatted: Font color: Auto

~~4.3.4.4.~~ **Wain Homes S106 monies:** £534k now included

4.5 **District Heating:** We have included the extra over costs proposed by Eon for the Town Centre properties exceeding those covered by the current Master Agreement for delivery of district heating. As discussed at a recent meeting with EDDC we await clarification on weather DH can be offset against Part L of the building regs, if not that will add a further £4000 per plot to the costs.

4.4. **4.6 Town Centre s106 Contributions:** As stated previously we have no enhanced value generated to enable a contribution to be made. Thus, we've allowed no costs against this heading, save for the statutory contributions towards HABs and SANGs at circa [£1m]

Formatted: Indent: Left: 0.63 cm, Space After: 10 pt, Line spacing: Multiple 1.15 ll, No bullets or numbering

~~4.5.~~ **4.7 Land Costs:** Actual land inception costs (land and associated costs and planning and project WIP) acquisition payments made was circa £64m.

Formatted: No bullets or numbering

5. Summary and Conclusion:

5.1. **Net Margin:** As the viability summary shows the net margin has dropped from the excepted receipt of £33.5m to £23.~~6m~~~~4m~~. A loss of circa ~~£9.83m~~~~10.4m~~. Clearly, against the value added elements

noted in the commentary above (education campus land windfall and reduction in the infrastructure budget) the Consortium would have expected an enhanced return across the period. The reality however is that Land Values have never matched that expectation. Our calculations of the saving from providing NIL Affordable Housing is circa £6.7m. Clearly this will go some way to offset the ~~£9.83m-10.4m~~ loss but will nonetheless leave a shortfall of circa £3,~~13m-7m~~.

5.2. This deficit matters because the returns that Cranbrook has been measured against for the last decade where those anticipated at inception. It's the overall viability of the Cranbrook 3,500 project that is important to the consortia, not the viability or otherwise of a particular acre of the Town centre. As the Consortia comes close to the end of the Cranbrook Phase 1 project, any difference against the anticipated returns will be measured, and the losses accounted for, ergo the Consortia is determined to ensure that any loss is minimised and needs to ensure it knows what will be delivered in the Town Centre, ahead of the HDD transaction proceeding

5.3. **Conclusion:** The figures above demonstrate that **there is no capacity here to either:**

- 1 **Surrender further land areas to utility or amenity uses** (we have to optimise the residential land value receipt),
- 2 **To make a s106 contribution** over and above the minimum statutory requirements (HABs and SANGs) or
- 3 **To provide any Affordable Housing.**

EDNC

Town Centre

A Land Valuation commentary - in outline

Update: 1st July 2020

Ref	Element	Acres	Inception Value/ ac	Total value	Acres	Current Value/ ac	Total value	Notes:
1	Land							
1.1	s106 and non Value generating uses	205.50						
1.2	Resi	186.00	£ 1,000,000	£ 186,000,000	192.77	£ 810,000	£ 156,143,700	Based upon analysis of receipts and partitioned acerages
1.3	Town Centre - value generating	23.50	£ 1,000,000	£ 23,500,000	17.61	£ 900,000	£ 15,849,000	Revision K: Updated assessment of Parcels generating a land receipt: excluding Retail area as addressed elsewhere
1.4	Adjustment for Morrison Deal						£ 600,000	HDD net payment after £1.082m infrastructure & £109k Town Square works.
1.5	Pub site land sale						£ 1,010,000	Gross receipt
1.6	EDDC LIF Loan contribution						£ 350,000	Sum remaining to be paid by EDDC
1.7	Younghayes Retail land sale						£ 567,000	Net Value of disposal of flat to D&C and contribution towards retail build costs
1.8	Total acerage	415.00						
1.9	Total Income generating acerage	209.50	£ 1,000,000	£ 209,500,000		£ 1	£ 174,519,700	
2	Costs							
2.1	Infrastructure Budget - at Time of s106 and Land Purchase			£ 118,000,000			£ 93,495,000	See BCL Infra Budget summary
2.2	Less: Grant - Growth Point & other contributions			£ (6,000,000)			£ (8,000,000)	Grant received - all sources
2.3	Affordable Housing - saving for NIL			N/A			£ -	Applicable against 90 units at 30% mix and 255 units at 15% DPD mix
2.4	Wain Homes - offsite s106 Contribution						£ (534,000)	Two tranches of payment of £267 each - both paid to the Consortium via East Devon
2.5	District Heating			N/A			£ 892,500	Extra over costs Net sum of £3,500 on 255 plots
2.6	Town Centre s106 contributions			N/A			£ 1,000,000	HAB's and SANGS contributions only
2.7	Land costs			£ 64,000,000			£ 64,000,000	Total land purchase costs
2.8	Net Servicing Cost		£ 840,095	£ 176,000,000		£ 720,064	£ 150,853,500	£
3.1	Net Land Val (p/ac) & Margin		£ 159,905	£ 33,500,000		£ 112,965	£ 23,666,200	
3.2	Margin %age			16.0%			13.6%	
4	Comparison against INCEPTION / PLANNING CONSENT						£ (9,833,800)	
Value Generating Parcels - From Plan J								
	TC1	1.70						
	TC3	1.78						
	TC4D	1.00						
	TC4E	2.78						
	TC5A	0.91						
	TC5B	0.37						
	TC6	3.04						
	TC7A	0.47						
	TC7B	3.88						
	TC8B	1.68						
	Total	17.61						
	TC4A - Retail Area	4.25						
	Total	21.86						

CRANBROOK

Infrastructure and s106 Cost Estimate
August 2007 -v- Current (Rev 49) Cost plan

SUMMARY	August 2007 Master Budget		December 2019 Rev 49	
	Budget Costs	Element Total	Budget Costs	Element Total
Clyst Honiton Bypass 1				
General (Incl Design)	£ 3,916,819		£ 582,430	
Drainage	£ 905,856		inc carriageway	
Earthworks	£ 1,733,089		inc carriageway	
Carriageway Construction	£ 1,299,227		£ 5,028,508	
Signage and Lining	£ 354,093		inc carriageway	
Underpass	£ 2,210,700		£ 2,297,226	
Misc. Underpass				
Misc. Services Diversion				
Services diversions and contributions	£ 1,300,000		£ 234,841	
	10% £ 1,171,978	£ 12,891,762		£ 8,143,005
General Highways Works 2				
Works to A30	£ 1,000,000		£ 887,546	
West Hayes Access Roundabout	£ 500,000		£ 425,380	
Jack in the Green Access	£ 500,000		£ -	
Eastern Access Roundabout	£ 500,000		£ 248,941	
Parsons Lane roundabout	£ 250,000		£ 50,517	
Tillhouse Farm Roundabout	£ 250,000		£ 529,167	
Town Centre Access Roundabout	£ 500,000			
Crannaford Lane priority junction	£ 100,000		Incl	
Rockbeare Road Roundabout	£ 250,000		Incl	
Service Diversions of existing	£ 1,050,000		Incl	
Other off-site highway works	£ 5,508,000	£ 9,908,000	Incl	£ 2,141,551
Section 1.06 Costs 3				
Transportation	Incl below		Incl below	
Public Open Space amenity areas	Incl below		Incl below	
Leisure information and community	Incl below		Incl below	
Miscellaneous items	Incl below		Incl below	
Community learning campus	Incl below		Incl below	
Faith based education	Incl below	£ 30,454,903	Incl below	£ 37,235,645
Public Open Space and Amenity Areas 4				
Public Open Space				
Playing fields				
Tennis courts				
Multi-use games area				
Play areas equipped				
Play areas unequipped				
Cricket pitch area		£ 9,995,975		£ 2,726,238
On-Site Infrastructure Works				
Non-frontage distributor road	£ 13,582,974		£ 15,503,529	
Non-frontage highways	£ 4,689,702		£ 609,287	
Infrastructure works to new town centre	£ 1,204,209		£ -	
Foul drainage	£ -		£ 2,299,466	
Foul off-site works	£ -		£ -	
Pump station	£ 156,000		£ 474,962	
Surface water drainage	£ 2,495,258	£ 22,128,143	£ 4,115,628	£ 23,002,872
General Abnormal Items 6				
Service Utility Infrastructure contributions	£ 1,200,511		£ 1,117,333	
Relay Gas main	£ 1,000,000		£ 1,465,496	
Service diversions	£ 530,000		£ 957,108	
Service Distribution	£ 1,213,300		£ 2,901,785	
Ecological Works	£ 275,000		£ 119,266	
General	£ 14,125,000	£ 18,343,811	£ 1,524,686	£ 8,085,674
Fees 7				
Architects	£ 740,000		£ 2,309,829	
Engineering	£ 2,925,000		£ 1,846,338	
Survey	£ 390,000		£ 2,007,871	
General incl legal	£ 1,075,000	£ 5,130,000	£ 4,445,880	£ 10,609,918
Railway Station 8				
	Incl S106		Incl S106	
Project Contingency	8%	£ 8,708,208		£ 1,550,097
TOTAL		£ 117,560,802		£ 93,495,000