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**Meeting:** Executive

**Date:** 27 May 2014

**Subject:** Strategy for North of Luton

**Report of:** Cllr Maurice Jones, Executive Member for Corporate Resources  
Cllr Nigel Young, Executive Member for Regeneration

**Summary:** This report seeks commitment by the Council as landowner to active participation in the North of Luton (NOL) consortium. This will support the Council's emerging Development Strategy.

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**Advising Officer:** Deb Clarke, Director of Improvement and Corporate Services  
Jason Longhurst, Director of Regeneration and Business

**Contact Officer:** David Cox, Chief Assets Officer

**Public/Exempt:** Public

**Wards Affected:** All

**Function of:** Executive

**Key Decision** Yes

**Reason for urgency/  
exemption from call-in  
(if appropriate)**

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

- Enhancing Central Bedfordshire – the Council's land sits within the strategic allocation (SA) to the north of Luton. Development of this area will provide much needed housing and employment as well as new schools, community facilities, green infrastructure and a new strategic road link between the A6 and the M1, which is part of the wider package of road improvements planned between the A6 and A5, north of Luton, Dunstable and Houghton Regis to help support growth being planned in the emerging Development Strategy. The Council is keen to support the delivery of this site by bringing its land assets forward for development, once the site is allocated.
- Improved infrastructure – the development of the site will specifically deliver a new strategic link road from the new M1 junction 11a to the A6.
- Value for money – the Council will seek best value whilst taking account of the wider advantage which the new development, delivery of new infrastructure, affordable housing, employment and other community benefits would bring to the locality.

**Financial:**

1. Securing the future of the land as a mixed use allocated site for development will increase its value substantially. A further approval of an outline planning consent for the land in conjunction with the North of Luton Consortium (NOL) will provide a further increase in value of the whole North of Luton site.
2. The cost of developing the site as part of NOL will generate a S106 payment. This will contribute to, amongst other things, the delivery of the M1-A6 strategic link road, the costs of which will be offset against any capital receipt.
3. Following development, the employment space that would form part of the broader NOL scheme will generate business rates and as a result create an additional revenue source for the Council.
4. Any sale will be subject to the disaggregation agreement with Bedford Borough Council (BBC), whereby 37.5% of the net sale value will be payable to BBC. Under the agreement the cost of securing a planning permission would be deducted prior to the calculation of what is due to BBC.
5. There is a cost to the Council of:
  - a. participating within the Consortium to take the broader scheme to Development Strategy examination which is estimated at £70K plus £30K legal fees; and then
  - b. promoting the scheme as part of the Consortium through to the outline planning stage, another c. £230K.
6. There are three existing farm tenancies on the site due to expire in March 2015. If the recommendations within this report are accepted, the tenancies would be terminated resulting in a loss of rental income. The rental income received for the period from April 2014 to April 2015 is £35K.
7. The project has £125K of funding identified within the 2014/2015 Capital Programme Budget and a provisional allowance of £750K within the capital budget for the years 2015 – 2017.

**Legal:**

8. The Authority will need to ensure full and vacant possession of the site. The current farming tenancies run until March 2015; and whilst the tenants may be granted permission to continue on the site under the basis of short term extensions this will need to be managed. The legal team will provide advice and guidance to ensure the Council's procedures are followed.
9. Legal support will also be required for any Planning related issues that may occur and ultimately in any sale agreements that are put in place.

**Risk Management:**

10. The following key risks have been identified:
  - a. If the site is not allocated through the Development Strategy the anticipated level of capital receipts will not be achieved. The levels of receipts will be dependent on market conditions and cost of infrastructure, levels of Section 106 etc. There is a further risk that the capital receipts will not be achieved within the MTFP period – the proposed method of delivery will optimise the potential level and timing of capital receipts – the possibility of this will be lessened by commitment to the consortium and production of a Framework Plan.
  - b. Failure to obtain planning permission resulting in abortive costs – sites are included within the draft development strategy although currently within green belt – the possibility of this will be lessened by commitment to the consortium and production of a Framework Plan.
  - c. Reputational risk – the Council are looking to achieve a planning consent for its own site. A Planning Performance Agreement (PPA) will be put in place with CBC Planning as part of NOL as a mechanism to manage any potential conflict of interest. Slippage of timescales – a resource plan will be developed to ensure that the appropriate resources are available to deliver the project.
  - d. The development fails to make reasonable progress against the planning milestones identified in the emerging Development Strategy, the Council will need to secure reasonable options to enable alternative action if required.
11. The planning and execution of this project will be developed recognising these risks.

**Staffing (including Trades Unions):**

12. Not applicable.

**Equalities/Human Rights:**

13. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Good planning can improve environments and opportunities for communities experiencing disadvantage. Planning which does not adequately engage with, or consider the needs of, local communities is unlikely to improve their life chances and may further entrench area-based disadvantage. Promoting equality of opportunity and social inclusion relates to the access to facilities and services, enhancing employment opportunities, the protection of open spaces as well as a broad range of policies concerned with the quality of life. Addressing the strategic land use, transport and development aspects of these needs is key to ensuring that the planning system is used to its full potential to deliver benefits to all communities.

**Public Health:**

14. The NOL project will enable the development of housing and new employment space and the creation of new jobs which will have a positive impact on the health and wellbeing of local communities.

**Community Safety:**

15. The Council has a statutory duty to consider community safety implications across all of its functions. As part of the planning and development process the statutory standards for Community Safety will be met.

**Sustainability:**

16. As part of the planning process the development will be required to take account of all planning policy requirements and unless viability considerations dictate otherwise, to fully comply with those policies. Proposals will also be expected to comply with the Council's planning guidance, including for example, the adopted Design Guide. The development will therefore deliver high quality sustainable development as well as meeting any national standards that are in place. Where possible the Council should use reasonable efforts to ensure these standards are met.
17. The development of the North of Luton site will create employment opportunities during the construction phase and upon occupation. Where possible, contractors and occupiers will be encouraged to use local labour and suppliers, including those from neighbouring disadvantaged communities.

**Procurement:**

18. Procurement have considered the report and are ready to provide advice, support and guidance as required to ensure CBC secure best value from our suppliers and contractors in the development of North of Luton.

**Overview and Scrutiny:**

19. This matter has not been considered by Overview and Scrutiny.

**RECOMMENDATIONS:****The Executive is asked to agree:**

1. that the Council as Landowner actively participates within the NOL Consortium to support the Framework Plan and strategic allocation in the Council's emerging Development Strategy and continue through to at least public examination (estimated by 1<sup>st</sup> Quarter 2015);
2. spending allocated in the Capital Programme 2014/15 of up to £125k to enable commitment to a Planning Performance Agreement with the consortium and to achieve a Framework Plan for the site and to enter into a collaboration agreement to bring forward development within the timescales identified in the emerging Development Strategy; and
3. authorise the Director of Regeneration & Business in consultation with the Director of Improvement and Corporate Services, the Deputy Leader and Executive Member for Corporate Resources and Executive Member for Regeneration to monitor progress, evaluate emerging options and take appropriate actions to sustain the corporate interests of the Council.

<i>Reason for</i>	<i>There is a potential financial impact on the Council greater than</i>
<i>Recommendations:</i>	<i>£500,000 and therefore requires Executive approval.</i>

## Executive Summary

20. The emerging Development Strategy for Central Bedfordshire identifies a sustainable urban extension north of Luton adjacent to the urban area of Luton for a mixed use development comprising up to 4,000 homes, new employment land, schools, shops and community facilities as well as a new strategic relief road from the M1 to the A6. The Council owns a significant area of land on the eastern end of this proposed allocation adjacent to the A6. The Council as landowner is fully committed to bringing the site forward to ensure its delivery which will generate additional value from its two land holdings within the site in terms of capital receipts, to contribute to the MTFP targets. However, it is recognised that in order for the site to be allocated there is a need to participate in the production of a Framework Plan to support the emerging Development Strategy, it must therefore, fully participate within the broader NOL consortium to bring this Framework Plan to fruition with some longer term flexibility if necessary.

## Background

21. The North of Luton strategic allocation is identified within the emerging Development Strategy as being capable of providing up to 4,000 homes. However, given the complexity of planning proposals on this scale the timescale for delivery will be over a number of years. The first phase of development is likely to be led from the west to take advantage of the new strategic link to junction 11A on the M1. Further phases will come forward within a programme to be agreed. It is likely that approximately 3000 homes will be delivered during the Development Plan period up to 2031. The rest will come forward beyond the plan period. Within this area the Council own 38 ha (95 acres) of land in two parcels as marked on the attached plan (Appendix A). Parcel A amounts to 30 ha (74 acres) and fronts the A6 whereas Parcel B is located close to the Sundon water tower and amounts to 9 ha (21 acres). The total gross size of the NOL Consortium land (including CBC) is 274 ha (676 acres).
22. The plan in Appendix A identifies the other 3 principal land owners; AXA (a major shareholder in HRDC site 1), Thurcaston Trustees and St John's College, Oxford (over which 3 other developers holds options).
23. Also identified on the plan in Appendix A is an area of land held under option by Prologis from the St Francis Group (who also own land within HRDC site 2). Prologis propose a rail connected distribution facility of 2m sq. ft.
24. The successful development of HRDC site 1 would create a new junction 11a on the M1 motorway to which a link road connecting to the A6 can be created.
25. Whilst the provision of the new motorway junction is fundamental to the overall delivery of the North of Luton development, the scheme is likely to start after the commencement of the HRDC development and the marketing/disposal strategy employed by the North of Luton consortium will reflect the volume of housing and accommodation released into the broader market by both schemes.
26. The NOL consortium has committed to sign up to a PPA for the production of a Framework Plan. It is expected the consortium will continue with the work needed to promote the scheme up to the public examination this is anticipated by 1<sup>st</sup> quarter 2015. In order for this to progress the Council will contribute its share in this expenditure currently 15% based on land ownership.

27. If the site is allocated the Council will need to contribute to the consortium's submission of an outline planning application, estimated at £230K.
28. Thereafter, the Council would be expected to contribute to infrastructure costs and it will therefore need to explore ways in which it best contributes resources to this project, balanced against the need to support its wider aspirations.

## **A Consideration of Options**

29. The recommended option is to commit to collaboration with the consortium in support of the Council's emerging Development Strategy.
30. This would see the Council agree to:
  - a. Continue funding their share of the Consortium budget including the PPA, at least until the Development Strategy public examination - £70K.
  - b. Enter into a collaboration agreement with the Consortium – the Council would to consider options related to the future timing and deliverability of the scheme within the agreement.
  - c. If matters proceed as envisaged the Council will continue with the consortium to the submission of a planning application (£230K), at which point the Council could seek to exit, if it was considered appropriate.
31. The benefits of this approach are:
  - a. The Council ensures momentum is retained with the consortium continuing to promote a comprehensive Framework Plan to support the Development Strategy.
  - b. The collaboration agreement, particularly an agreement to grant easements and rights of way once various triggers have been reached, provides comfort to the rest of the consortium that the Council or successors are committed to the Framework Plan.
32. The main issue with this approach is that the Council would need to fund up until the public examination (anticipated to be approximately £70k) which would potentially be abortive costs if the inspector does not support the Council's Development Strategy and/or viability hurdles can not be overcome by then.
33. **Alternative option**

The Council has the choice not to do anything with the land, however this would undermine the Council's wider aspirations to deliver growth and infrastructure as well as presenting significant planning issues. The only benefit of this approach would be continued income from agricultural and farm tenancies and no cost exposure.

## **Conclusion and Next Steps**

34. This therefore report recommends active participation in the Consortium to enable promotion of the emerging Council's Development Strategy and Framework Plan for North of Luton.
35. The costs and resources for the project are in place, and it can be delivered within acceptable risk parameters.
36. If the recommendations set out in this Executive paper are approved, the Council will, reaffirm its continued commitment to the consortium to conclude an appropriate collaboration agreement.

## **Appendices:**

Appendix A – Site plan for North of Luton