

Draft – Otterpool Park Business Plan

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1. INTRODUCTION - BY THE CHAIRMAN

2. BACKGROUND AND CONTEXT

2.1 BACKGROUND

Otterpool Park is a unique opportunity to meet the challenge of housing need in Folkestone and Hythe through a properly planned new garden community set in rich countryside. It is ideally located to take advantage of excellent existing connections by road and rail.

In 2015 Folkestone & Hythe District Council (the Council) bought 144 ha of agricultural land at Otterpool Manor Farm as a long term investment for future development. Shortly after this the government announced its Garden Cities, Towns and Villages programme, which provided the stimulus for the Council to advance its ambitions for development and form a partnership with its neighbouring landowner Cozumel Estates Limited, the owner of Folkestone racecourse. A proposal for a new town of up to 10,000 homes and thousands of new jobs, all in a green setting with 50% green space, was born.

The bid to government for garden community status was successful, and the project continues to be supported by politicians at national, county and district level. The project has attracted £3.4 million of capacity funding from government to support the Council's work to date. The Council has continued to acquire properties and land options, including Westenhanger Castle, a Scheduled Ancient Monument and Listed Building within the site. Homes England, the government's housing agency, has also invested in land at Otterpool Park to support the proposals.

Work began in 2016 on a masterplan for the area, led by consultants Arcadis and masterplanners Farrells, resulting in an outline planning application submitted in February 2019. The plans were guided by a set of principles that were agreed at the outset, based on the Garden City Principles. These principles were explored in more detailed in the Charter for Otterpool Park, adopted by the Council in 2017. (Cabinet meeting 18 October 2017 minute 48)

In parallel the Council as the local planning authority was reviewing its Core Strategy, and after a capacity analysis of the district concluded that this location was the only viable area for significant growth to meet escalating housing need. It recognised the sensitivity of the landscape – within the setting of the Area of Outstanding Natural Beauty (AONB) and views from the North Downs – and the impact on existing neighbouring communities. In many respect this has been a positive challenge to create a proposal that is landscape led, creates green space accessible to new and existing residents and attractive townscape views through well designed streets and buildings. The masterplan also brings new life to heritage assets including Westenhanger Castle and offers biodiversity net gain

2.2 CONTEXT AND DRIVERS

Housing need: the undersupply of housing nationally is recognised by all political parties, and need within Folkestone and Hythe district is no different. The latest government figures for objectively assessed housing need that the district is obligated to plan for continues to increase, now more than doubling current rates of delivery. This need applies to all types of housing but in particular affordable housing and helping younger people onto the housing ladder.

Planning context: historically the district has built a significant proportion of its housing on brownfield sites within existing towns and villages. However there is now very limited capacity for further growth in Folkestone or Hythe, and while there is some scope for more housing on the marsh and in some villages the district is heavily constrained by the AONB and floodplain. Development around junction 11 therefore becomes a natural choice, helped by the fact the junction has plenty of capacity and there is a railway station at Westenhanger.

Economic positioning of the district: East Kent has historically underperformed economically within Kent and nationally. There are now several factors that give an opportunity for the district to punch higher, developing higher value jobs, attracting more visitors and raising values. These factors include the high speed train service into London; increased attraction of natural assets such as the coast and countryside; good connections to Europe; comparative affordability of houses and the thriving arts and creative scene. Much of the employment space in Folkestone is outdated, or in the case of the creative industries has not got the capacity to expand, so there is latent opportunity to improve skills and provide better quality jobs.

Ageing population: Folkestone and Hythe area has historically attracted people wishing to retire to the coast, and has a shortfall of younger adults.

Financial: as government funding to local authorities becomes less predictable and reduces in real terms, so councils are looking to other sources of income to ensure a stable financial future, including through development portfolios. Over the last five years the Council has bought land or developed proposals on a pipeline of different sites, in many cases delivering new homes through the Housing Revenue Account. Otterpool Park is by far the most ambitious acquisition but with the potential for the greatest long term income.

2.3 DRIVERS FOR OTTERPOOL PARK

- meeting the council's corporate objective of more homes and more jobs*;

- planning properly for long term housing growth;
- rebalancing the demographic of the district to attract more people of working age, away from the trend of an increasing older population;
- Creating a comprehensively planned community that provides infrastructure in a timely way and a high quality environment, controlled through land ownership. This will avoid incremental and poorly planned, poorly designed development; and
- creating an environment that offers healthy lifestyles, including neighbourhoods that are walkable, encouraging walking and cycling over use of the car. Thriving local communities and access to the outdoors has become increasingly important during the Covid pandemic.
- financial sustainability of the council, providing a long term source of income to reinvest in the district and improving services to its residents;

*The Council is currently consulting on the next revision of its corporate plan. One of its priorities is to “deliver a sustainable new development at Otterpool Park”.

The importance of working in partnership to deliver a project of this scale cannot be underestimated, including a strong working relationship with the local planning authority. Section 6 sets out the work with stakeholders present and anticipated.

3. VISION AND PURPOSE

Our Vision document for Otterpool is included at appendix 1

3.1 BENEFITS TO THE DISTRICT COUNCIL

Development management – The Council is keen to ensure that the development is of a high quality and delivers a wide range of objectives. The LLP is a vehicle able to exert control far beyond what would be possible through the Council's role as local planning authority. This may involve applying control or financially supporting a wide range of aims and objectives, including the following:

- **Homes** - Developing up to 10,000 new homes including
 - Satisfying local needs including affordable homes
 - Providing a range of tenures to meet diverse needs
 - Including homes for key workers
 - Providing opportunities for innovative delivery including self-build and community land trusts
 - Achieving high quality design and sustainable construction
- Distinctive and high- quality design
 - Applying guidance through design codes
 - Applying control through deals struck with housebuilders and enforced through licensing arrangements
- Sustainable transport
 - Provision of transport hubs to encourage the use of public transport and sustainable vehicles
 - Incentives for the use of electric vehicles good quality cycle and pedestrian facilities
- Employment space
- Green and blue infrastructure
- Energy conservation
- Healthy lifestyles
 - Land uses arranged to encourage walking and cycling, assisted by dedicated cycleways, footpaths and large areas of parkland
 - Contemporary health facilities
 - Indoor and outdoor spaces and activities to improve community development and mental health
- Improve heritage assets
- Creativity
- A technology enabled community
- Local Food
- Monitoring the success of the town against its objectives and resident/ employer satisfaction

3.2 LAND VALUE CAPTURE

Financial – Although not the primary reason one of the reasons for the Council embarking on the Otterpool Park Project was to generate a commercial return and thereby improve its overall financial position. The decision was taken in anticipation of Government reducing its annual support grant to the Council and with an aspiration of making the Council more financially independent. Initial land purchase costs were justified on the basis that in the long term there would be benefits to residents across the District. The aspiration is for the Council to benefit from capital receipts in the middle and long term and to explore the scope for generating sustainable revenue incomes.

The capital receipts will result from the selling of serviced plots to housebuilders, some receipts will be reinvested in the project and some will be payments to the Council to enable the repayment of loans to the company and to support improved Council services. Further capital receipts could be generated if the Council wanted to directly develop land for housing or commercial uses.

The revenue receipts could be manifest from a range of sources which could include:

- Income from land and/or buildings through the payment of rent (residential and commercial). The Council could retain the freehold interest in parts of the site and achieve ground rents or it could potentially construct commercial buildings to let.
- The provision of services to the LLP e.g. Grounds maintenance.

Each year the board of the LLP will consider the distribution of profits to its owners, the ability to distribute profits will depend on a variety of factors including the amount of money generated by land sales.

3.3 DESIGN

Design quality

Several mechanisms were agreed early on with the LPA to ensure good design and place making was carried through from early concept through to detailed design and construction. These are:

- The Charter for Otterpool Park, which was approved in October 2017
- Setting up the Otterpool Park Place Panel
- Proactive involvement of the LPA, working together with the promoter
- Preparation of design guidelines as part of the outline planning application
- Preparation of design codes – a strategic code for the whole site, with detailed codes required by phase

- A Kentish Contemporary Vernacular design guide aimed at developers that demonstrates how traditional Kent building forms and materials can be reinterpreted.

The LLP will continue to support and invest in these design tools. It recognises the need to review each phase of development to assess its success and where lessons can be learnt, then revise design codes and other strategies accordingly.

4. CURRENT POSITION

4.1 PLANNING INCLUDING UTILITIES / INFRASTRUCTURE

In order that the key objectives of the Otterpool Park Garden Town can be achieved, for example homes, jobs, education and health services and high quality public open spaces, it is firstly necessary to deliver the key infrastructure provision that enables the key elements of the town to be delivered.

As master developer for the Garden Town, the LLP has a key role to play in the delivery of such infrastructure. In order for the LLP to be in a position to deliver this infrastructure it be necessary to develop and deliver a detailed programme of activities based on the following stages, as set out below :-

4.2 SECURING PLANNING PERMISSION

The planning strategy for Otterpool Park is set in more detail in Section 9 of the Business Plan. However in summary, in order allow the key infrastructure to be delivered, it will be necessary for the following to be obtained:-

- Adoption of the Folkestone and Hythe Core Strategy Review
- Approval of the Otterpool Park outline planning application
- Tier 2 approval, including approval of the Phase 1 masterplan and design code (plus approval of subsequent phases as the scheme proceeds).
- The discharge of pre-commencement and other relevant planning condition.
- The discharging of any S106 or other similar legal obligations.

4.3 DETAILED TECHNICAL DESIGN AND APPROVAL

- The preparation of detailed technical designs for the key infrastructure provision.
- The obtaining of the necessary technical consents such as building regulations approval or S278 approval for highway related infrastructure.
- Other approvals such as main rivers consent, listed building consent and approval from the relevant utility companies.

4.4 LANDOWNERSHIP

- Addressing any landownership issues required for the delivery of key infrastructure including the acquisition of any required land in accordance with the options agreements between the LLP and third party land owners.

4.5 PROCUREMENT

For element of infrastructure provision it will be necessary to procure a contractor or operator to deliver the infrastructure. There are number of options available for this such as:-

- Procurement of contractor to deliver a particular piece of infrastructure based on a design commissioned by the LLP. In such an example the LLP would be responsible for the securing of the necessary consents.
- The entering into a design and build contract with a contractor, whereby the appointed contractor secures the necessary consent and prepares the detailed design prior to implementation on behalf of the LLP.
- Direct delivery by a third party operator for example in the case of the Waste Water Treatment works.

4.6 OTTERPOOL PARK LLP INFRASTRUCTURE DELIVERY

The planning and delivery of infrastructure will be a key function of the LLP in its role as master developer and a costed infrastructure programme will be prepared and maintained by the LLP. The key focus will be on delivering the infrastructure necessary to provide serviced plots capable of being built out by third party developers as well as delivering the social and community infrastructure necessary for place making and the achievement of the broader objectives of the company. The type of infrastructure that will delivered by the LLP includes:-

- Sustainable transport measures including cycle/footpath provision, bus and rail infrastructure and a network of mobility hubs.
- Strategic road network including key junction improvements and other mitigation measures.
- Advanced planting and other green infrastructure including the strategic park network, sports pitches and neighbourhood level play provision.
- Sustainable urban drainage (SUDS) provision.
- Waste Water Treatment facilities including waste water recycling provision.
- Utilities provision including potable water and electricity supply and ultra-fast broadband.
- Community infrastructure including primary and secondary schools and a health and well-being centre.

The LLP will need to make a long terms commitment to the delivery of strategic infrastructure based on a rolling 5 year infrastructure programme.

4.7 STRATEGIC LAND AGREEMENT

The foundation of the arrangements between the Council and the LLP is a Strategic Land Agreement (“the SLA”) which is outlined below are intended to be as flexible as possible to account for the long term nature of the Project.

The SLA provides the LLP with a call option over the Council’s land interests at Otterpool Park.

The SLA is flexible on:

- **Timing** – in terms of its overall duration and when the call options are exercised during that contractual term;
- **Subject matter** – in relation to which one or more land interests (in whole or in part) the call option is exercised by the LLP at any one time;
- **Outcome** – in terms of what the LLP exercising its call option in relation to one or more land interests results in – i.e. that could be a land transfer to the LLP or a transfer to another 3rd party nominated by the LLP (e.g. a house builder); and
- **Payment** – in terms of both the nature of the consideration and when it is payable (e.g. is it deferred?).

Where the LLP acquires one or more land interests from the Council under the SLA, it will fund those acquisitions either (i) pursuant to a debt facility from the Council or from another third party lender, or (ii) the land interest(s) could be transferred in consideration of loan notes from its Members (Owners) (at the value of the land interest(s) in question) being issued by the LLP to the Council.

Subsequent transfers of land pursuant to the LLP exercising its call options under the SLA will be subject to the satisfaction of certain pre-conditions – e.g. planning permission, viability, funding, site/phase business plans.

4.8 MANAGEMENT OF THE SITE

Presently the area of the site owned by the Council consists of agricultural land, some residences, the Castle and areas that are unused e.g. the old stands of the racecourse.

The agricultural land is let on agricultural tenancies and the houses or bungalows that are occupied are rented out on non-secure or assured shorthold tenancies. This ensures that the Council get a return on its investment.

It is the intention that the Council and the LLP will enter into a licence agreement so that the land is managed by the LLP for a fee. This will enable the LLP to manage the site ensuring that, amongst other things, it is presented in such a way as to be attractive to developers.

5. ORGANISATIONAL FORM

5.1 LEGAL FORM AND GOVERNANCE

The Council has formed Otterpool Park Limited Liability Partnership (“the LLP”) to act as the master developer for the Project in accordance with this business plan and the agreements it has with the Council, principally the Strategic Land Agreement (see above) and the financing arrangements.

As the master developer the LLP will take responsibility for obtaining planning permission and other consents and for delivering the infrastructure (e.g. community infrastructure, utilities and highways) for the Project. The LLP will also carry out feasibility studies to determine market need.

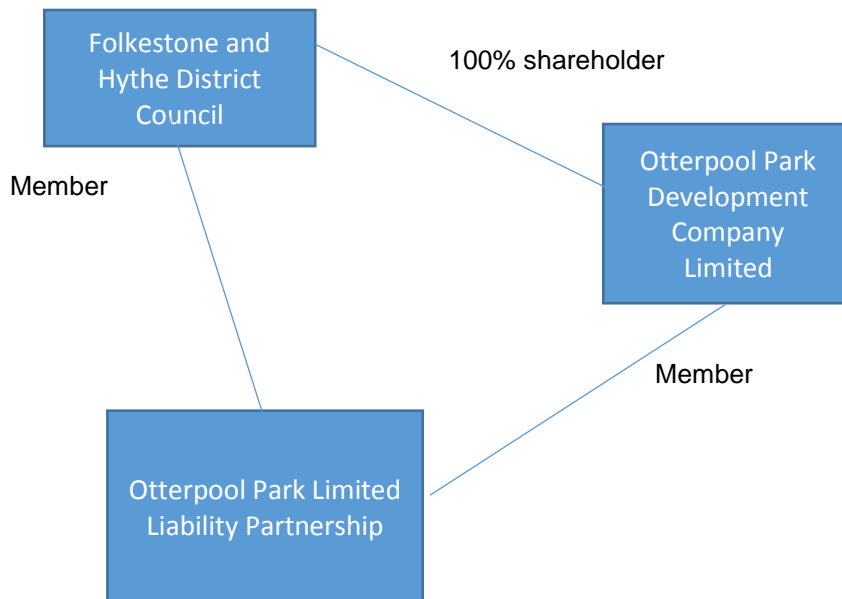
The LLP will market fully serviced land parcel to housebuilders and commercial developers facilitating the creation of high quality places.

The LLP through subsidiaries will have a continuing role in the physical and social development of the Project.

It is not envisaged in the plan that the LLP will either itself or through a subsidiary develop land itself, which would require a different set of considerations and decisions. This may change during future plans or indeed during updates of this present plan. In addition, although not related to developing land it is likely that the community infrastructure will be managed and owned by a subsidiary of the LLP.

Finally the LLP will create value for its owners in the way it facilitates the development of the Project. This is dealt with more fully elsewhere

The LLP is presently owned by the Council and by the Otterpool Park Development Company Limited (“the Limited Company”). The Limited Company is itself wholly owned by the Council. The ownership structure is shown below.



A Members' (or Owners') Agreement between the Council, the Limited Company and the LLP is the governing document of the LLP. The Members' Agreement sets out the objective of the LLP as:-

“To ensure that the Otterpool Park Garden Town, a settlement that will in time consist of 10,000 dwellings is delivered in accordance with the business plan approved from time to time including but without prejudice to the generality of the foregoing generating the required commercial return to the Members.”

The LLP's tasks are further shown as:-

- a) Be the planning applicant for the Project delivery.
- b) If appropriate act as the manager of community infrastructure created as part of the Project.
- c) Lead and coordinate development activity at the Project site, potentially via subsidiary vehicles.
- d) Where appropriate, facilitate partnership development arrangements to bring forward housing and employment opportunities at the Project site, including joint ventures with other organisations.
- e) Where appropriate, hold and manage residential, commercial, agricultural and/or industrial land and buildings at the Project site in advance of, during and following Project delivery (as applicable).
- f) Lead and coordinate the delivery of such infrastructure works as are necessary as part of Project delivery.
- g) Commission any necessary professional services relating to either the Council's objectives for the Project and/or the business objectives of the Delivery Vehicle.

- h) Carry out such trading activities as will be identified in the Delivery Vehicle's Business Plan (which will be subject to periodic update/review/approval)

The Members' Agreement also contains the delegation matrix which sets out those matters which need the approval of the Council and are not within the authority of the LLP to make a decision on.

The structure will enable new partners to join the LLP; a decision on whether to and on what terms would rest with the existing members. At present it is the Council's intention that it would retain the majority "share" in the LLP. Any new partner could come from the private or public sector. It is likely that the Council would expect that any new potential partner would bring substantial funding with them.

The governing body of the LLP is a board of nominees or directors. The present board (details of whom are shown in section 5.4) comprises seven people six of whom are appointed by the Council and one by the Limited Company. One of the directors has been appointed as the chairman of the board.

The board has adopted a code of conduct so that conflicts of interest are identified and avoidedⁱ and has also adopted a procurement policyⁱⁱ.

The Members of the LLP meet at least quarterly to discuss the affairs of the LLP and the progress towards achieving the objectives in the business plan.

ⁱ Board decision 15 July 2020 minute 3

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5.2 THE BUSINESS PLAN PROCESS

The board will, every five years approve a business plan. The business plan will have a five – year duration with annual updates. The business plan and its updates will be approved by the Board for submission to the Council in December / January of each year. This will enable any budgetary implications to be considered by the Council for inclusion in the budget for the subsequent financial year.

5.3 DISTRIBUTION OF SURPLUSES

Each year the board will meet to decide what proportion of the net profits (if any) should be retained for the working capital reserves of the LLP and for reinvestment in the LLP in accordance with the business plan. The remainder will be distributed to the members in accordance the proportion each member is entitled to, currently the Council is entitled to 99.9% and the Limited Company 0.1%

5.4 THE TEAM AND RESOURCES

The Board

The LLP is governed by a board of nominees or directors. The rules for the board's meetings are contained in the Members' Agreement. The agendas and minutes of the board meetings are made public unless there are confidential or sensitive information is being discussed.

The board meets at least quarterly with other meetings being arranged as and when required.

The board presently comprises seven directors. Two of the directors are members of the council, two employees of the council and three appointed after public advertisement.

Brief biographies of the directors are set out in appendix 2

Leadership

Day to day leadership of the LLP is provided by John Bunnett and Andy Jarrett. The board have delegated most day to day decisions to them, although John and Andy naturally keep the board apprised of what is going on.

They also are the primary link between the LLP and the owners – the Council and the Limited Company.

John and Andy are responsible and answerable to the board for the delivery of the business plan.

Wider team

The resource strategy is to have a blend of internal resource along with a range of interim management, consultants and contractors appointed on a term contract or through partnership arrangements.

The following staff will be appointed on a secondment basis for a term of three years initially:

John Bunnett - Managing director
Andrew Jarrett - Planning director
Julia Wallace –Masterplanning and Design Manager
David Shore - Planning Manager
Tess Luetchford - Community Service Delivery Manager
Donna Brace - Project coordinator

The structure of the team will be initially a relatively flat model whereby each area of work whether it be planning or delivery is assigned to an individual. The coordination of this work will be led by John and Andy

depending on the area of work. As the bulk of that work currently is planning the resource within the team is largely planning expertise and design expertise and Julia and Dave are very experienced and capable planners who are well able to carry forward the outline planning application and the design of the first phase master plan along with support from Andy.

John is leading on the on the delivery elements of the project and the commercial negotiations both with housebuilders and commercial property organisations along with overseeing the day-to-day running of the business.

Andy's role is to support the Managing Director in the preparation and delivery of the Otterpool Park Project. Andy is the lead officer in preparing and managing the planning strategy for the project including managing the delivery budget for the planning strategy. He also manages the planning team.

Julia's role is to project manage the masterplanning and technical work for Otterpool Park and to provide related professional advice and to oversee a range of workstreams through to delivery of the project on site.

Dave's role is to provide professional advice and project manage town planning and associated technical work for Otterpool Park, for the promoter Otterpool Park LLP. He is also the lead on transport provision for Otterpool Park.

Tess' role is to manage delivery of a range of community buildings and services to meet the needs of the new community at Otterpool Park, including leading on community liaison and community development. The role will involve delivering ambitious social and environmental objectives for the town including health and wellbeing; culture and arts; education and lifelong learning. It will rely on developing strong and constructive working relationships at a senior level with a range of partners in the public and voluntary sector.

Donna's role is to support the project management and administration of the planning and delivery of Otterpool Park. She is also budget holder for the day to day running costs of the office and solely responsible for the purchase order and invoice system. She also assists the finance manager with budget management for the project.

Their specialisms are described above. Their role is to ensure that the LLP fulfils the objectives in the business plan.

Recruitment over the plan period

The LLP does not employ anyone at present. This is likely to change over the plan period. A skills audit will be undertaken to identify gaps in the skills necessary to progress the project with a view recruiting to fill the gaps. Policies and human resources, recruitment and remuneration will be developed for approval by the board.

Support services

It is intended that the LLP will enter into service level agreements with the Council to provide all or some the following:-

- The provision of staff to run the business and carry out the business activities of the LLP;
- Legal advice;
- Accountancy advice and services;
- Accommodation;
- Procurement services;
- Internal audit services;
- Communications and public relations services;
- IT services;
- Human resource services.

Other services may be added but over the Plan Period it is likely that some, at least, of these services will be tendered and possibly awarded to third parties.

The LLP has already moved out of the Civic Centre in Folkestone to a dedicated office on the former racecourse under a lease on commercial terms from the Council.

Contracts

The major consulting firm Arcadis have already been appointed on a term contract and are responsible for the delivery of all environmental assessment work. In addition Arcadis have been appointed to project manage the planning application process which will include representations to, appearance at the local plan enquiry and the preparation of the outline planning application which is currently in process. It is anticipated that this work will run through the early part of 2021 and will conclude at the point at which the outline planning application goes to the Planning and Licensing Committee which is anticipated in the second quarter of 2021. Subsequent phases of planning work will be determined during the course of the first quarter of 2021 and will largely be around the delivery of reserved matters.

Alongside this work the other major area on which the LLP will concentrate in the forthcoming 24 month period will be the preparation for the delivery of the first phase of the development. This will include the work to open up the area around the town centre and the early phases of residential development and the offsite infrastructure which will include everything from advanced planting to highway and other major built infrastructure development. This is a very substantial area of work and is currently being overseen by a group of specialist consultants with considerable experience in delivering major infrastructure but there is a need for a strong experienced client side officer to manage these consultants. The LLP is currently exploring two approaches to securing this experience, the first is

by way of an interim manager and the second is by way of a full-time appointment and it is anticipated that the choice in this area will be made early in 2021.

Clearly over time the needs of the LLP will change and therefore the resulting resource needs will also change. It is anticipated that resourcing needs will be kept under annual review and any changes to resourcing will be considered as part of the annual review of the business plan.

6. STAKEHOLDERS

6.1 STAKEHOLDER ENGAGEMENT TO DATE

For all development, early consultation is critical to the planning process, and especially so when the development proposed is at a Garden Town scale. One of the criteria for a successful bid to the government's Garden Cities, Towns and Villages programme was to be able to demonstrate local support, and this is something the Council took seriously from the inception of the proposed garden town. Early meetings were held with local partners including the Invicta Chamber of Commerce, East Kent College, parish councils, local Business Advisory Board and politicians at local, county and national level before the bid was submitted. Many stakeholders submitted letters of support that were included in the bid, including the local MP. The intention to bid for garden town status received unanimous support from council members at the Council meeting of May 2016. (Minute reference).

Since then, the masterplan and planning application has been the vehicle to engage with a wide range of stakeholders. Use of social media and development of the Otterpool Park website ran alongside a series of drop-in events, workshops and briefings. The team has held workshops with primary and secondary schools and worked with college and university students. Early engagement allowed proposals to be explained to interested parties, stakeholders and local residents. It was also an opportunity to explore and seek solutions to various issues at an early stage, with the intention of gathering and testing ideas, reducing conflict and raising and resolving problems. Overall it resulted in a better quality planning proposal.

The team worked closely with two consultants who were initially appointed to lead on communications and community engagement for the planning application - Property House Marketing and Kevin Murray Associates. The overall strategy was aimed at reaching as wide a demographic as possible – young and old; the working population and those living locally and further afield. The programme of engagement activity is set out in the Statement of Community Engagement within the planning application. Communications and engagement is now being led by Pillory Barn, who will continue to work with the LLP.

Engagement and collaborative working with the LPA over the Core Strategy Review and planning application continue to be important for such a significant project. Separately the Council also met regularly with a range of local stakeholders, including Kent County Council, parish and town councils, the MP, the Local Enterprise Partnership, local amenity groups and other interested parties. It met with most of the individual households living within the planning application area.

Work with stakeholders to date has been focussed around the masterplanning work, but as the project moves toward delivery this will

need to be broadened out to cover a range of different themes, including health and wellbeing; transport and environmental matters such as heritage and ecology.

6.2 FUTURE STAKEHOLDER ENGAGEMENT

Stakeholder mapping

Stakeholders have changed as the Otterpool Park project has progressed during the past few years. Consequently the original stakeholder mapping exercise is being refreshed including the theme specific elements mentioned above. This will enable the team to identify audience segments and design targeted engagement strategies for each segment with the assistance of a specialist agency. Stakeholders vary from those with a specialist role in for example health, through to voluntary sector organisations and interested members of the local community who wish to be involved.

One of the core principles of a garden city is around engagement, and the LLP is committed to achieving this. The diagram below shows the range and depth of engagement that can be achieved, leading ultimately to partnerships involving stakeholders.



While some people will only wish to be kept informed rather than participate more actively, the LLP will explore a range of opportunities for working with local stakeholders and existing/ future residents, for example:

- Ongoing work with parish councils on masterplanning of each phase of development
- Involvement in heritage through community archaeological digs and projects at Westenhanger Castle
- Working with partners such as White Cliffs Countryside Projects to involve volunteers in environmental improvement projects
- Community arts projects
- Ensuring local representation on the governance body responsible for long term management and maintenance of assets, including green

space and community buildings. The potential to establish a town council in future has also been protected.

Otterpool Park will have a significant impact on current and future service planning for the Council itself, and the ongoing working relationship between the LLP and Council officers in planning and delivery of these services (beyond the Local Planning Authority) is important. The team will achieve this through regular meetings with key officers and landowner meetings.

6.3 **COMMUNITY DEVELOPMENT**

An important consideration for a new community is how to ensure new residents feel welcome, supported and form social bonds within their new community. Forging relationships between existing and new communities is also important. The Otterpool team has looked at some examples of good practise and lessons learned from other garden towns and this work will continue and inform the community development strategy. It is important that, in addition to identifying and meeting stakeholder aspirations for Otterpool Park to become a vibrant community we also investigate the potential challenges for a new community for example mental health needs; potential isolation; debt; domestic abuse etc. We will work with stakeholders locally and in third sector organisations and the Council to map challenges and suggest mitigating strategies. We will also explore innovative and creative ways to secure and maintain community engagement for example through events, competitions, dedicated radio/TV channels; social media and the development of a Virtual Community to inform plans and feedback ideas to the Otterpool Park process.

6.4 **STAKEHOLDER COMMUNICATIONS**

Communication in the early days of the project was aimed locally, providing local stakeholders and the public with information, giving the opportunity to be involved and responding to concerns and objections. As Otterpool Park moved from an idea to a deliverable new town the strategy for communications has aimed to reach a wider audience regionally and nationally, promoting the site to potential developers, investors and future residents. This continues to be a primary objective, particularly increasing the reach to younger people and London-based businesses around St Pancras.

Pillory Barn has led communications and engagement since 2018, and has successfully helped the team set out the vision of the town; create a new website; run/ participate in several events and expand the social media reach.

Pillory Barn has prepared a communications strategy for the next 6 months that includes:

- preparing the Vision document and Investor Prospectus
- Preparing information notes for the website on a range of topics including ecology, housing, transport and Westenhanger castle
- Expanding the website and digital media footprint
- Running a consultation event at the time of resubmission of the planning application.

In addition each team member continues to be responsible for communicating with their own contacts within businesses, developers, agencies and community groups.

Other planned events and activities have been put on hold due to Covid restrictions, such as a promotional event close to St Pancras; a presentation at the Kent Construction Expo and Westenhanger Castle public open day (following a successful event in November 2019).

6.5 LEARNING FROM ELSEWHERE

With such an ambitious, long term project learning about best practice from elsewhere is vitally important, particularly where innovative and forward thinking ideas are being tested. Study visits have been run since 2016 for councillors, officers and other partners. Officers have met with a range of different public and private sector colleagues who have been involved with planning and delivering major sites, including other council-led developments.

Over the next 12 months the team will continue to be involved with the Garden Communities Forum run by Homes England, which offers a range of different learning opportunities. Colleagues in Ashford continue to be generous with their time sharing lessons learnt from Chilmington, in particular on long term stewardship. Learning will increasingly be focussed on specialist issues as individual projects take shape such as designing and building the health centre and first school. Priorities for learning this year include designing for zero carbon and sustainable transport.

7. THE MARKET

The Covid-19 Global Pandemic Lockdown has slowed transactions of development land at a time when, year on year, development land values are down 3.2% on Q1 2019. However, as lockdown measures eased off in June 2020 and the promoters and housebuilders returned to work from furlough, there were signs of an increase in activity and a desire to ramp up development to make up lost ground. Indeed, some of the falls from 2019, driven by Brexit uncertainty, were recovered by March 2020 only for the market to go through an imposed hiatus. Confidence has been gained in recent months as sales rates bounced back strongly on the back of pent up demand with the easing of restrictions on the housing market, particularly around a reduction in SDLT. But, there is a risk that this is partly pent-up demand and that sales rates will fall back as unemployment is predicted to rise as the winter of 2020 approaches. Throughout lockdown, fewer new sites have been brought to the market than normal, land deals have typically continued to progress, but at slower rates, and bid deadlines have been extended along with restructuring of payment profiles. Deferred payment structures are the new norm, and a prevalence of build-licence deals can be expected.

Regional developers, housing associations and the major housebuilders all continue to be active in the land market, buoyed in part by on-going government intervention. Despite many housebuilders being constrained by lack of staff resources throughout lockdown, appetite for the right type of site hasn't waned. The positivity is dampened, to a degree, by the prospects of further delays in the planning system, slower rates of delivery due to social distancing and rising development costs on the back of labour shortages and supply chain disruption. However, pricing for immediate and strategic land is unlikely to be much reduced due to the imbalance of supply and demand coupled with plans to extend help-to-buy and a mortgage and debt market willing to lend at historically low rates.

Strategic land, by its very nature, is less cashflow heavy and less impacted by short shocks in the otherwise cyclical land market. During the lockdown period, housebuilders and promoters were unable to fill their pipelines, which are integral to share price. As such, there is a willingness to acquire interests in strategic land and the pent up demand is holding values up. The difficulty, from a transaction perspective, is delays to planning decisions and working through a clogged market with fewer players as a result of furlough and job cuts. Main boards and shareholders become more risk averse in volatile times and the outlook for development land remains challenging as the UK looks to extract itself in an orderly fashion from the EU whilst coping with regional Covid-19 Lockdowns.

Appendix 3 contains the market report compiled by Strutt and Parker in August 2020, and gives an indication of the likely values that will be achieved at Otterpool Park

8. FINANCES

There are a number of funding options available to the Council and the right mix will depend on the peak amount of funding required and the length of time the Council requires the funding for. As the project cashflows become more certain, officers will work with the Council's treasury advisers to decide upon the correct approach.

Historically, the main source of funding for local authorities has been the Public Works Loan Board (PWLB), a central government agency. However, although the PWLB has a very low administrative burden, its current relatively high interest rates and prohibitive repayment terms means that other options should be considered. Some of the borrowing requirement can be covered by short term, variable debt borrowed from other local authorities, however this will require the council to refinance on a regular basis and unless proper arrangements are put in place will expose the council to changes in interest rates.

Other funding options may offer more attractive rates of interest, but will come with a higher administrative burden, and in some cases may require the council to undergo a full credit assessment from prospective lenders. Tradeable debt such as Bills or commercial paper will provide a lower rate of interest and a wide range of lenders, but will have a significant set up cost. Direct lending options, such as loans from banks or institutions such as pension funds can represent a secure long term source of funding, but will come with terms and conditions that the council will need to take external advice on.

The Municipal Bond Agency may offer an alternative to the PWLB via a "club" issue allowing the council to issue debt with other local authorities. However, the MBA is yet to issue, and requires the council to borrow in the same maturity as the other authorities in the issue, and has guarantee requirements the council must consider carefully.

There are further options open to the council which are unlikely to be appropriate for the Otterpool project in its current form. For example, income Strips are used to reduce the development risk of a project, but this approach requires the resulting assets to be held long term, rather than the active management intended by the council. Similarly, a large public bond issue has the advantage of a low interest rate, but the likely size required, in the hundreds of millions, would not be feasible for this project.

It follows therefore that whichever funding route or combination of funding options the council chooses to secure the likely funding route from the Council to the LLP will be by way of a split of equity and loan. Further advice will need to be taken by the Council and the LLP in relation to the split but for financial modelling purposes the assumption at this point has been that approximately 5% would be by way of equity investment and the balance would be a loan. Should the LLP consider it prudent at the time, alternative means of funding either from commercial funders

such as banks and or pension funds may prove an attractive alternative. In addition of course a range of investment could come to the LLP in the form of equity for example from investment from Homes England or from housebuilders. The working assumption however remains that the LLP will secure funding from the Council and any alternative funding propositions would only be considered should they be more attractive to the LLP than Council funding.

The development has the potential to deliver significant returns to Company. Current modelling suggests that these returns will be over circa 28 years. Pace, and timing of these returns will be dependent on a number of decisions around infrastructure investment, and the timing of market cycles. We set out working assumptions below.

8.1 SUMMARY OF FINANCIAL PROJECTIONS

Based on the assumptions set out below, our financial models produces the following headline figure.

Details			Profit	
Phases	Years	Units	Quantum	%
8	28	8,490	193,000,000	32

Assumptions

We have made the following assumptions:

Model

The model assumes the Land Owner, through the LLP, is acting as Master Developer ie is investing in the infrastructure and enabling works and selling the resultant serviced land parcels to house builders.

Inflation

All costs and revenues are day one, ie, do not include inflation. This approach has been taken because it is not possible to credibly forecast build cost inflation or house price inflation in the medium to long term. Past performance would suggest that the house price indices rises faster than the build cost index, and fluctuates to a greater extent. Both rise and fall over the economic cycle. Ultimately the spread between these indices over time will define profitability

We have also excluded 'betterment' from the above. ie we have not taken into account that buying a house in an established garden town with proven infrastructure, established schools and a strong local reputation will be inherently more attractive to a greater number of purchasers than the first

phase of houses when the full potential of the town will only be grasped by purchasers with the vision and experience to imagine its potential.

Whilst costs may rise, long terms trends suggest that house prices will rise by more than cost inflations making this assumption conservative.

Even in the absence of House price inflation, evidence from similar schemes suggest that values rise through 'betterment' when a scheme becomes established making the assumption that this does not happen at Otterpool very conservative.

Costs adopted:

We have adopted the Infrastructure costs provided by Arcadis version 2.4 review with amendments provided by F+HDC. This model is subject to ongoing review both in terms of the quantum of individual costs; and also in terms of the requirement of each cost item within a given phase of development.

Additional costs:

We have assumed:

- A contingency fund of 5% of the above costs,
- An additional allowance of 10% on all infrastructure costings for professional fees,
- Financing costs of 4.5% on all debt balances.
- All phases stand alone and profits are extracted, not reinvested in the next phase
- No credit balances produce a return.

Private Housing Land

We have assumed as detailed on the land strategy that the parcels of land are sold when fully serviced the value of these parcels will be determined by a number of variables. These will be individual to the different parcels with housebuilders focussing on different sectors of the market. We have considered the average assumptions the most significant of which is

Value of Private Houses and Flats:

We have assumed that the private accommodation is worth on average in the order of £340 sq ft. This is a conservative assumption in the current market, but will require sustained emphasis on place making and branding to place the Garden Town in the local and national consciousness prior to land or units becoming available.

Build costs

We have assumed housebuilder costs for houses at £130 sq ft with an additional £7,500 per plot for servicing, and assumed £150 sq ft for flat construction.

Profit requirement

We have assumed that house builders will seek to make a 20% return on capital expended.

Section 106 contributions:

We have assumed that developers will be required to provide a Section 106 Contribution of £18,500 per private unit in line with the calculations provided by Arcadis

Affordable Housing Land:

We have assumed that, in line with planning policy 22% of units are affordable. Of these 60% are social rent and 40% are intermediate (shared ownership). Given the relatively low affordability thresholds in the District, it is likely that the land for the affordable element of the scheme will not create a land value.

Discussions around affordable housing and viability will define the land receipts if any, and the timing of these across the scheme. The weighting of affordable housing away from less profitable phases could control finance costs

Commercial Land:

There are currently plans to create around 2m sq ft of: employment (B1 and B2) education (D1) retail and related (A1, A2, A3, A4 and A5) community (D1 and D2) hotel (C1) and leisure (D2) space within the town. These will be a combination costs included in the Arcadis costings, place making investment and revenue generating business land. It is likely that place making investment will take place early on with revenue to follow in later phases, but we have taken the conservative assumption that no non-residential land currently creates a land value. This is likely to be subject to a positive revision as plans develop

Timescale:

The timescale and expenditure of the enabling infrastructure will be controlled by the market absorption of the completed units. We have assumed that the market can absorb 300 units per annum (234 private units). On this basis the 8,500 houses can be delivered over 28 years, and assumes.

- Parcels are sold of 150 to 400 plots

- Five or six differentiated products to be continually available to potential house buyers over all the phases.
- Additional product types are introduced as appropriate in the market, for example age restricted and community build.
- Stronger sales during periods of market growth to compensate for low sales in recessionary periods.
- Careful management of the housing mix to ensure unit types are appropriate for the target end occupier.

Betterment ‘placemaking’

We have allowed for betterment in a parallel model. Betterment, unlike inflation, assumes that houses built in the future are more valuable than houses built today because the environment that they will be built into, ie in a flourishing and established Garden Town, will be considered more desirable than the environment the first phase of houses will be delivered into. If we were to allow for 10% betterment in land values after circa 10 years and another 10% after 20 years would create in the order of an additional £43,000,000 in profit. This would somewhat underplay the degree of betterment seen in other new towns such as Kings Hill.

Tax

The structures for any agreements will be designed to be as “tax efficient” as possible consistent with the achievement of the vision for the project

Conclusion

Our current modelling identifies the need for early investment in phase 1 creating a peak capital requirement of £65m in year 2022/23.

9. PLANNING STRATEGY

The LLP will support the allocation of the site in the Core Strategy Review of the Local Plan at the Examination in Public of that strategy which has now started.

This section sets out the planning strategy of the LLP in relation to the securing of a site allocation for the Otterpool Park development, within the Council's Core Strategy Review, and the obtaining of the necessary consents, permissions and agreements to allow the scheme to proceed.

9.1 SUPPORT FOR SITE ALLOCATION IN CORE STRATEGY REVIEW

As stated in the National Planning Policy Framework (NPPF) planning law requires that applications for planning permission are determined in accordance with the development plan, unless material considerations indicate otherwise. At present the principle development plan document for the Folkestone and Hythe District is the Shepway (the former name of the district and the Council) Core Strategy that was adopted by the Council in September 2013.

In spring 2020 the Core Strategy Review (CSR) was submitted to the Planning Inspectorate for examination. This will replace the current Core Strategy. This includes a series of policies (SS6-SS9) that support the principle of development at Otterpool Park for up to 6375 homes within the plan period (to 2036/37) and ultimately between 8000 to 10,000 homes.

In July 2020, in response to a number of matters, issues and questions issued by the planning inspectors (appointed by the Secretary of State for Communities and Local Government) the LLP, through its planning consultants Quod, submitted a series of responses and supporting evidence relating to a number of topics and in particular those relating to the supply and delivery of housing and the strategy for the North Downs area, that contains the site specific policies for Otterpool Park. A series of public hearing sessions (either virtual or face to face) will be held towards the end of 2020. It is important that the LLP are represented at these sessions, through Quod and the broader technical team, and that the appropriate experts witness are available to answer questions raised by the Inspectors. Whilst it is ultimately the role of Local Planning Authority to demonstrate that the CSR is both sound and legally compliant, the LLP will also have a significant role to play in terms of demonstrating that a financially viable scheme for Otterpool Park can be delivered that complies with the emerging policies in the CSR and supports the overall timeframe for the delivery of housing across the District.

More specifically it will be necessary for the LLP to demonstrate, as part of the examination process, that the scheme will achieve nitrate neutrality, and therefore not have an adverse impact on the European designated habitat

sites at Stodmarsh to the north east of Canterbury, and that sufficient improvements can be made to junctions and roundabouts on the strategic road network to satisfy the requirements of Highways England.

9.2 NEGOTIATE S106 AGREEMENTS

As previously stated it will be necessary for the LPP, as part of the process of obtaining outline planning permission, to enter into a S106 legal agreement setting out a range of contributions and other obligations. Development of the S106 agreement is being progressed as a two stage process where firstly a detailed heads of terms will be agreed between the LLP and the LPA (that can be included as part of the officers report to the Planning and Licencing Committee) followed by the detailed drafting of the agreement. Initial discussions with the LPA have identified an initial list of topics for the head of terms to cover that will be subject to further discussion and negotiation:-

Transport Infrastructure

- Non-motorised user infrastructure
- Public transport infrastructure
- Highway infrastructure
- Monitoring Governance and Design Quality
- Long term stewardship
- Securing design quality
- Monitoring

Social and Community Infrastructure

- Affordable housing
- Community facilities
- Education
- Health
- Emergency services
- Retail and employment
- Open space
- Skills and employment
- Heritage and archaeology

Environmental and Utilities

- Waste
- Digital infrastructure
- Water
- Energy
- Bio-diversity
- Sustainable design and construction

The traditional approach to the development of a S106 agreement is for the developer to commit to making a series of financial contributions, triggered by different stages in the progress of the scheme. These are made to the appropriate provider such as the local education or health authority. However, given the role of the LLP as a master developer, consideration is being given to the role the LLP can play in terms of the direct provision of

infrastructure and how this should be reflected in the S106 agreement. An example of this might be the commissioning and construction, by the LLP, of the first primary school. This is covered in more detail below.

Given the long term nature of the Otterpool Park scheme it is considered appropriate to adopt a monitor and manage approach to the provision of infrastructure, for example in the areas of transport and education, whereby the level of demand and the need for infrastructure is monitored on a phase by phase basis and the infrastructure strategy and S106 obligations adapted as appropriate and to reflect advances in technology, behaviour etc.

In addition, as the Council has a land interest at Otterpool Park, and the Council is the local planning authority, it may be necessary for a third party public body, such as Kent County Council, to monitor the implementation of the S106 agreement. Legal advice is being sought in relation to this and the appropriate negotiations will be undertaken.

9.3 OBTAINING CONSENTS

In order for the Otterpool Park scheme to be delivered it will be necessary to secure a range of planning permissions and other consents over the lifetime of the project. It is therefore important that the LLP develops a clear strategy for the preparation and submission of the necessary applications in order to allow the scheme to progress.

An outline planning application, for a scheme consisting of up to 8500 homes, was submitted to the Local Planning Authority in February 2019. Following extensive consultation with stakeholders and the local community the scheme is being amended. It is anticipated that a number of documents, including an updated suite of parameter plans and an updated Environmental Statement will be submitted to the local planning authority in early 2021. The amended information will be subject to a further round of stakeholder and public consultation.

Consideration of the planning applications by the Council's Planning and Licencing Committee will be dependent upon the timescale for the adoption of the Core Strategy Review but it is anticipated that this will take place in early summer 2021. If the application is approved by the Committee it will then be necessary for the LLP and the LPA to agree and finalise a S106 legal agreement, with the aim that this will be completed by autumn 2021.

Given the scale and complexity of the Otterpool Park development it is has been agreed that that a three tier approach will be adopted in relation to the securing of detailed planning permission. Such an approach has been employed successfully at other garden town developments such as Waterbeach in Cambridgeshire. The three tier approach is set out below:-

- Tier 1: Outline planning permission granted and S106 agreement completed

- Tier 2: Defines the framework for each phase of the scheme and will include, for example, submission to the LPA of the masterplan and design code. It is anticipated that at this stage it will also be necessary to update other key documentation such as the transport strategy and heritage strategy, on a phase by phase basis, as part of the series of tier 2 submissions.
- Tier 3: Consists of the detailed reserved matters applications for the different elements of the scheme. Such applications will be numerous and varied and will include, for example, applications in relation to highway infrastructure, sustainable drainage system (SUDS), educational facilities, town centre public realm, houses and flats, employment uses, waste water treatment works etc.

In addition to achieving detailed planning permission, through the three tier approach, it will also be necessary to discharge a range of pre-commencement and other planning conditions, as well as monitoring ongoing compliance. There will also be the requirement to make a variety of contributions and deliver a series of obligations as set out in the S106 agreement.

As well as achieving planning permission for the various components of the scheme it will also be necessary to prepare and submit applications for other types of approval which are likely to include the following :-

- Building regulations approval
- S278 Highways Act 1980 agreement - to make alterations or improvements to a public highway, as part of a planning approval.
- S38 agreement – relating to the adoption of the highways by the highway authority, Kent County Council.
- Scheduled monument consent and listed building consent.
- Main rivers consent – for work within a specified distance of the East Stour River.
- Applications related to the stopping up and diversion of the highway, footpaths, bridleways or byway.
- Various technical approvals related to the provision of utilities such the onsite electricity supply, ultrafast broadband, SUDS and waste water treatment.

These consents are covered in more detail in Section 10 Infrastructure Strategy.

In considering the scheme as whole there will be a number of consent and approvals that will fall to the LLP, as master developer, and a number that will fall to third party developers for specific elements of the scheme. As such it will be necessary for the LLP to appoint a series of external consultants in relation to each of the consents and approvals for which they are responsible.

To conclude the process of obtaining the necessary consents to allow the Otterpool Park scheme to proceed is both complex and ongoing and will

involve close liaison between the LLP, the LPA, other public bodies, third party developers and the local community.

9.4 **ROLE OF THE LLP IN PLANNING**

The LLP team will be responsible for preparing and submitting the planning applications and documents associated with tiers 1 and 2, working with a team of planning and technical consultants who will be directly appointed by the LLP. In the main tier 3 reserved matters applications will be the responsibility of the developer unless they related to strategic infrastructure.

The LLP has an important role as the guardian of design quality, ensuring retaining design and development standards are retained for all housing, commercial development, public buildings and public realm. All developers will be expected to support the overall vision and objectives of the project. Procurement of housebuilders and developers will require them to follow the strategic and phased design codes and submit their proposals to the LLP for comment before submitting their applications to the LPA.

Community Services and Culture

Planning and delivery of a new community of this scale offers the opportunity to plan properly for delivery of all facilities that will be needed by the local community and learn from innovative approaches in service provision that can improve the quality of people's lives. An important consideration is the flexibility to respond to changing needs and technological innovation over the coming decades, and to learn lessons from early phases. Creativity, arts and culture and in important part of the vision and identity of the town and has the potential to educate, improve mental health and enrich the quality of the environment in the town.

Further details on the procurement and construction of community facilities including schools and health centre are set out below under Infrastructure Strategy.

Health and wellbeing

Otterpool Park is committed to providing residents with a Health Centre delivering high quality primary care and additional community, social and specialist services. The Public Engagement Agency (PEA) were commissioned to design the first steps for a health and well-being strategy that included stakeholder analysis; key health sector stakeholder interviews and workshop; producing terms of reference for an Otterpool Park Garden Town Health and Wellbeing Steering Group and five associated working groups: i) Population Health ii) Stakeholder engagement and co-design iii) Model options and estates iv) Finance and Funding v) Workforce recruitment, retention and training. PEA also produced first steps documentation for the broader health and well-being public engagement strategy. Future stakeholder engagement for health and wellbeing will focus

on taking these strands of work forward with PEA and other agencies as appropriate. It is also important to recognise that health and wellbeing impacts on and is impacted by many of the other thematic work streams at Otterpool Park including sport and leisure; culture/art/heritage; education and environment, so stakeholder engagement needs to integrate across thematic strands wherever possible.

Education and lifelong learning

Provision for up to 7 primary schools, 12 nurseries and one secondary school (with a reserved site for a second) has been made at Otterpool Park. It needs to provide one, possibly two 2 or 3 form entry primary schools by 2025 (depending on Kent County Council analysis of school places requirements) with associated early years learning provision. The Learning Company (TLC) were engaged to develop first steps for the Otterpool Park education strategy. Following in depth interviews with key stakeholders they produced the Otterpool Park Education Vision and Strategy in June 2020 and the Otterpool Park Schools Design Guide. Next steps will include deep engagement with education sector and third sector stakeholders to develop plans for the new primary schools and explore the concept of an education campus on site to accommodate future secondary and further education provision. A wider community stakeholder engagement strategy will be developed to feed into the co-production of a lifelong learning plan for Otterpool Park ensuring the schools link in to the cultural, business and sports/leisure pathways for the development.

Creative Otterpool

The Council has been working with Creative Folkestone since the early days of the project, and have worked together on the cultural vision for the town and the Cultural Strategy. The aims of this work are to ensure arts and culture are embedded in the design of places and spaces but also services, and also to create an environment that is attractive to creative industries (but complements rather than competes with the thriving arts scene in Folkestone). Through this work Creative Folkestone were engaged to consult with stakeholders and subsequently produced the Otterpool Creative Action Plan. This outlines a three year period of audience development and management to reach a wide set of inter-generational participants in order to co-produce cultural commissions including permanent installations, events and festivals. Ongoing community engagement will also feed into the overall design of Otterpool Park. The next stage of work during 2020/21 will be to refine and implement the Action Plan – circumstances have changed due to the challenges of Covid, so assumptions about making use of external match funding from eg the Arts Council may now be unrealistic. An early community arts project working with existing communities should still be achievable.

Westenhanger Castle

Westenhanger Castle is a scheduled ancient monument and listed building with a rich heritage going back to medieval times, and an important asset in

setting the character and identity at the heart of The council acquired Westenhanger Castle in 2019.

10. INFRASTRUCTURE STRATEGY

10.1 COMMUNITY INFRASTRUCTURE

The following set up a proposed approach to the delivery of community infrastructure primarily focusing on schools and healthcare facilities in particular in phase 1 within which sits the town centre. The LLP has retained the services of Gen 2 a specialist public-sector property and construction consultant with expertise particularly in delivering new schools and the operation of the schools, and has a good track record in delivering on time and to budget whilst maintaining a high quality product with intelligent design to allow for cost-effective management of facilities and other services within the schools. In addition Gen 2 has been retained to assist with the design and costings of the initial community buildings within the town centre and again has extensive experience in providing modern cost-effective buildings with the emphasis on design and effective facilities management. Whilst the LLP is still at a fairly early stage in determining precisely how the schools and the community infrastructure in the town centre will be delivered the town centre master plan set out locations within which such buildings could be accommodated and located in such a way as to be operable in a complimentary way. They would also bring vibrancy to the town centre and support the commercial operations which we intend to bring and centre around the lake and town Square.

The clear intent is to have both the primary school in the first phase and the flexible community facility which could incorporate healthcare provision along with wider uses for the community along with perhaps the opportunity to relocate the Councils offices (it should be noted however that the Council has not made a formal decision to relocate its offices still less where any new office would be located). With these facilities along with a range of commercial leisure uses the LLP feels that there is a kernel of a town centre which would be usable from the very earliest point in the delivery of the first phase and would sit complimentary to the park which again would be open at a very early point in phase 1.

School delivery

There are two main ways that the schools at Otterpool Park could be delivered. The first is for the LLP to transfer the school land to KCC who would deliver the schools, including running a competition for an academy operator, themselves.

The second option is for the LLP to deliver the schools themselves. This could be in direct partnership with a school operator or in partnership with both KCC and a school operator.

At this stage KCC and the LLP have not yet finalised which option will be used at Otterpool Park – and the approach may differ from school to school.

The approach will be to put in place a timetable of milestones to ensure that the process of land transfer, detailed planning and design, construction and opening is managed to trigger schools opening when needed, in line with housing occupation.

The Section 106 will set out the commitments and obligations of the relevant parties, which will ensure that the schools can and will be delivered to meet the needs of the new residents, but the detailed delivery mechanism for each school can be determined as part of the detailed design and Reserved Matters process.

The LLP will pursue a principle with the provider of the secondary school (and potentially the primary schools) of sharing facilities with the community. This could include indoor and outdoor sports facilities, classrooms for adult education classes etc. The LLP will seek to discuss with the provider how the layout and planning of the school can be designed to cope with this and/or plan for community use as part of the detailed design process.

Phasing of schools

Construction Phasing

The construction of primary schools may be phased, with 1 or 2 forms of entry (FE) being built at the start and additional forms of entry added later. For operational reasons, secondary schools would tend to be phased in blocks no smaller than 4FE.

Constructing and opening schools in phases will help to ensure that school buildings are not constructed before they are needed. . By expanding schools as demand arises, this helps to ensure school places meet the needs of the children living within Otterpool Park, rather than attracting children travelling from elsewhere. Building schools in phases does add to construction cost, so the advantages and disadvantages will be considered.

The school designs may need to be planned with phasing or future expansion in mind so that core facilities are delivered early on (e.g. halls, kitchens and administrative blocks) with later phases predominantly delivering extra classrooms. Campus designs provide the most flexibility and will be considered if appropriate and advantageous. The size of the school will be a key consideration in design – larger schools should be designed with management, safety and effective circulation in mind.

The school design will need to facilitate cost effective phasing that does not significantly disrupt the schools' operation, for example:

- Block structures and layouts that allow future construction phases to be isolated from operational areas of the school
- Access arrangements for construction vehicles that are segregated from children's pedestrian routes
- Construction methods that limit noise, dust and other disruption.
- Approaches that allow construction to be completed over the summer months.

Phased opening

Children moving schools in the middle of a phase of education is relatively rare. Because of this, new schools tend to open and fill up from the bottom, with Nursery, Reception and Year 7 opening first, adding academic years in succession every year after that.

However, a new settlement on this scale may attract a disproportionate number of children moving schools in the middle of a phase of education. To address this, schools could have multiple entry points and multi-age groups in the early phases of development.

Children could start in the middle years of primary school and they may be in a class with other children who are slightly older or younger than themselves, as long as they are at the same Key Stage of education. A Key Stage is one of the four “blocks” of years around which the national curriculum is structured. At the end of each Key Stage, the teacher formally assesses children’s performance. Using multi-age classes in this way can be referred to as vertical teaching.

Decisions about design, layout, construction methodology and phasing will be made at Reserved Matters (Tier 3) stage for each school coming forward. Operational choices, such as the use of vertical teaching, will need to be made in partnership with KCC and the school operator.

Healthcare

The LLP want health and wellbeing to be embedded in the approach to design and delivery at Otterpool Park. This includes aiming to provide excellent primary care facilities on-site. It also includes a wide range of other design and management aspects.

The proposals include one large practice, which will be located in the town centre.

Delivering a Treatment Centre

The NHS is prioritising primary care, care in the community and interventions to help people manage long term health conditions more effectively at home or with their GP, rather than in hospital.

This approach is intended to relieve pressure on hospitals and treat illness early, before it becomes acute and before patients require A&E. This reduces cost and significantly improves patient outcomes and wellbeing.

At Otterpool, there is a significant opportunity to provide a GP practice with extended services. The exact model for delivering these services will depend on the strategic plans, objectives and funding available to the Clinical Commissioning Groups (CCGs) at the time of detailed planning permission and delivery.

It is expected that the healthcare offer, whatever model it will take will also include dentists, opticians and pharmacies which will come forward in a mixture of private and NHS settings according to the NHS licencing programme for these facilities.

Treatment Centres

Urgent treatment centres are community and primary care facilities that are open at least 12 hours a day, are GP-led, staffed by GPs, nurses and other clinicians, and have some diagnostics facilities. Urgent treatment centres encompass current Walk-in Centres, Minor Injuries Units, GP-led Health Centres and other similar facilities. They are ideally co-located with primary care facilities including GP extended hours / GP Access Hubs. They may also be co-located with other services including mental health services, community pharmacy, dental, social care and the voluntary sector.

A Treatment Centre may also include a private, specialist wing which deals with a specific type of care or procedure and serves a wide catchment – for example hip replacements. Such a centre could provide private facilities directly to the public or via NHS commissioning.

10.2 CONSTRUCTION AND DELIVERY

The LLP expect that the health facilities will need to be phased. Phasing is important to reduce running costs/management liability in the early years. It can also assist with capital cashflow in the years before revenue from the sale of homes builds up.

There are several ways to phase a new health centre. The exact model for Otterpool Park has not been decided at this early stage and will be the subject of discussion and agreement between the LLP, the Council and the CCGs as part of the 106 agreement. Phasing options include:

- Before c. year 3 or 4 years of construction, a GP could operate temporarily from another building (e.g. a community or commercial building) provided that the facilities and setting are appropriate to provide the quality of service and care required.
- A portion of the health centre could be built the early years, with space that is not required for healthcare to be let out on a short-term lease to other retail or commercial uses.
- Delivery of a wider range of additional services (education, training, social care, specialist care) etc could support the sustainability of the surgery in the early years.

10.3 PROPOSED APPROACH

In general, the management, flexibility and sustainability of community floor space is more important than size or number of buildings. It is important to work with the community and with public, private and voluntary sector stakeholders to understand community needs and to carefully plan what facilities are needed, who will use them and how they will be funded (and allow for how this could change over time).

At this stage in the process, it is too early to have a detailed understanding of these needs. Therefore, a development specification has been developed which includes a broad allocation of floor space which could be used for community use. Relevant community uses could include:

- A community hall
- Healthcare facility
- A youth centre
- An education centre/training centre/library
- Exhibition space

The detailed planning process will require the LLP to engage with the Council, KCC, local parish councils and other local stakeholders and future operators to understand need at the time of delivery. The primary objective of the approach at Otterpool Park is to ensure that any community floor space:

- Is flexible to meet a wide range of needs or changing needs over time
- Is sustainable, with long term management, maintenance and funding considered and secured as part of the Long Term Stewardship of the Garden Town as a whole
- Does not threaten the sustainability of existing successful community facilities – working with them rather than competing with them.
- Considers opportunities to use existing community capacity (such as successful existing community organisations) to help to get the new facilities started and build on local experience especially in early years.

10.4 THE COUNCIL'S NEW OFFICE.

The Council is currently examining the feasibility of relocating council's accommodation from Folkestone to a new purpose-built office campus at Otterpool Park. Whilst still at an early stage of consideration there appear to be merits in providing such a facility both in terms of cost of operation for the council and the benefit of bringing vibrancy to the new town centre at optical Park. Work will continue on this feasibility in parallel with wider work on multiple Park and it is anticipated that an initial decision to take forward from feasibility to a potential design will be taken during the first quarter of 20 21.

10.5 STEWARDSHIP AND GOVERNANCE OF ASSETS

The Council on 18 October 2017 agreed the principles of the long – term stewardship of open spaces and other community assets at Otterpool Park (see minute 47, Cabinet 18 October 2017).

The principles approved are as follows:-

- The long term stewardship of open space, public realm (other than highways) and non-commercial community buildings will be the responsibility of a new body, i.e. not SDC*.
 - *The responsible body will form part of an approach to land value capture for Otterpool Park. Its income is likely to come from a range of sources including income generating assets, endowment and potentially service charges. However, income sources being reinvested in the new community will need to be balanced against income generation to SDC for investment in facilities and services for residents across the whole district.*
 - *While a trust or similar structure is likely to be the most suitable vehicle initially, potential future transition to a Town Council should be allowed for. SDC should retain representation on the body.*
 - *The body will be community-led (as distinct from a privately run management company). It should also allow for future residents and businesses to shape the objectives and governance of the organisation, and to influence the design of new community facilities and spaces.*
 - *High quality management and maintenance over the long term is of fundamental importance when setting out the objectives of the stewardship body.*

*SDC refers to Shepway District Council, the former name of the Council.

The intention is that the LLP shall form a community interest company to manage the open spaces and other community assets. The Castle, town centre and employment site will be the subject of separate consideration.

The funding of the community interest company will be through a combination of rent charges and other sources of income.

11. LAND DISPOSAL STRATEGY

11.1 APPOINT AGENT

In terms of maximising sales receipts, we see the role of BNP Paribas Real Estate or other appointed agent, over the course of the project to encompass the following key tasks:

- Formulate an appropriate marketing strategy on a parcel by parcel basis which will need to evolve to complement the market throughout the duration of future sales periods.
- Create a premium brand for the wider development which is consistent with the design parameters of the overall scheme.
- Oversee the production of comprehensive technical information packs relative for each parcel.
- Advise on early placemaking.
- Negotiate land sales and work alongside the wider legal team to successfully secure the completion of sales within targeted timescales

11.2 MARKETING AND SALE OF RESIDENTIAL AND COMMERCIAL LAND

In accordance with the masterplan vision, the following represents a summary of the Otterpool Park garden settlement outline proposals:

- Up to 8,500 new homes across a range of types, sizes and tenures.
- 82,418 sq m of employment (B1 and B2 use class) floor space including commercial business hubs, a commercial business park and a light industrial business park.
- 37,161 sq m of education (D1 use class) floor space including five primary schools, one secondary school as well as nurseries and crèches.
- 28,875 sq m of retail and related (A1, A2, A3, A4 and A5 use class) floor space.
- 20,900 sq m of community (D1 and D2 use class) floor space including a health centre and potential for places of worship, libraries and community centres.
- 7,701 sq m of hotel (C1 use class) floor space.
- 8,250 sq m of leisure (D2 use class) floor space.

- Infrastructure and utilities including a new electrical substation, onsite and off-site gas and potable water network reinforcement and provision of a fibre-to-home broadband network.
- 289.1 ha of green infrastructure (approximately 50% of the application site).
- Blue infrastructure.
- Car, motorcycle and bicycle parking.

The Council has formed Otterpool Park Limited Liability Partnership (“the LLP”) to act as the Master Developer for the Project. Master Developers (MD) can explore a broad range of deal structures when timing individual land parcel disposals, ranging from outright freehold disposals, through to development partnership models, such as promotion, option and joint venture agreements.

The benefit to the LLP of playing the role of MD will be that it can control the wider urban environment, particularly in the context of design, quality and community services and facilities. MDs unlock raw land through:

- Early investment in planning matters and infrastructure delivery such as drainage and mains services upgrades;
- Flood defences and road works;
- Public open space;
- Cycle ways; and
- Schools and local community centres.

Serviced parcels can then either be sold to Housebuilders to construct new homes or alternatively delivered directly by the LLP. BNP Paribas would suggest targeting parcel sizes of around 150 to 400 dwellings. From previous experience in similar sites, it is considered that this quantum of opportunity generally proves attractive in encapsulating not only national Housebuilder demand, but also some larger local developers.

Some sites, with multiple points of sale, can accommodate up to five competing Housebuilder flags at any one time. However, attention must be paid to regulate the number of developers active on site at any one time, both in terms of construction and sales. Through limiting this number, sales values can be maintained with levels less likely to be cannibalised through an oversupply to the market. Added to that, construction management can be more effectively controlled, ensuring high quality housing delivery and overall construction management process.

MDs can either sell serviced land parcels outright, deliver directly or participate in joint ventures or build licence arrangements which in turn will create long-term income

streams over the life of a development project. A similar strategy is often adopted by The Crown Estate in their strategic development land disposals.

Deferred land payments have been a consistent feature of land transactions since the Global Financial Crisis (GFC), but other arrangements such as build licences could become increasingly attractive to Housebuilders who are sensitive to cash flows and returns on capital employed in the midst of what may be transpiring as another recession in the wake of Covid-19. These types of transactions can be seen by Housebuilders as more capital efficient as many are now focused on the delivery and construction of new homes, rather than investing capital speculatively in development land.

In each parcel disposal scenario, targeted developers would be discussed with the LLP in advance of the marketing programme, with the view of drawing up a shortlist of those to approach who would be appropriate partners to maintain the quality of each area. Unless there is a particular requirement to demonstrate that a broad disposal programme is undertaken in order to achieve best value, it is considered that a targeted approach to a number of key Housebuilders could yield better engagement due to the more targeted and personal approach. BNP Paribas, for example, have unique access to main board personnel in each of the main housebuilding companies and often obtain a personal undertaking from the CEO or Managing Director that a particular transaction is in accordance with the relevant acquisition criteria at the time.

When marketing land, it would be necessary to oversee the production of a comprehensive technical information pack for the site, which needs to be fully understood by all parties so that one can answer as many questions as possible and provide a detailed presentation to each interested party. These presentations would be undertaken either on site or at the agent's offices. Site visits would be undertaken with interested parties so that they buy into the concept of the development and understand the content of the information pack at an early stage. This ensures the full attention of the relevant land buyer's team, improves the quality of bids and also reduces the opportunity for buyers to justify a reduction in price before an exchange of contracts. It would also be beneficial to have key members of the technical and planning teams present at these meetings.

Stage 1: Due Diligence

Before launching a parcel to the market, it is important to fully consider the opportunities and constraints present so as they can be appropriately communicated during the marketing process.

Firstly, a detailed planning report should be produced focusing on the anticipated allocation within the Otterpool Masterplan. In addition to clarity from a planning perspective, it will be important to provide a base level of technical detail in order for interested parties to understand the key constraints and to minimise conditionality at the bidding stage. It is important that letters of reliance can be provided for any technical reports.

It is suggested that detailed planning, infrastructure, and technical information is provided to parties during marketing.

Stage 2: Marketing Material

For each parcel sale, one would assemble a detailed marketing brochure, highlighting the opportunity that the site presents whilst encapsulating the site's branding ethos throughout. A brochure allows the opportunity to be easily circulated to the market amongst principals. One would host an online dataroom to which the information pack will be uploaded. The dataroom also allows one to track activity and downloads and therefore assess the level of due diligence undertaken by parties throughout the marketing process. It also allows ease off access for consultant teams.

Stage 3: Marketing Campaign

For each sale, one would initially approach an existing network through targeted phone calls, emails and HTML circulars. The campaign will involve approaching parties directly at an appropriate level, presenting the opportunity first-hand and creating interest through the personal nature of the marketing approach whilst providing an overview as to the scope of the wider Otterpool Park development. Site inspections would be managed solely through appointment by the appointed agent, allowing the site to be presented in the best possible manner. One would expect a marketing period of circa eight weeks per land parcel disposal in order to give prospective purchaser's sufficient time to undertake the necessary due diligence, whilst also keeping them focussed with a clear bid deadline. All bidders would need to submit their proposals on the same basis, on the same day so that the agent can compare and contrast the offers.

One would then select parties, jointly with the LLP, for interview in order to stress test offers and query any outstanding issues. Depending on the level of offers and competition, one might propose a second round of bidding having reviewed and discussed each proposal with the interested party. Formal recommendations would be made by the agent in terms of the preferred party who offers the most deliverable proposal in terms of timescales and funding structure, as well as the best price.

Stage 4: Legal Process

Following the selection of a preferred party, one would work expeditiously with the LLP's solicitors to achieve an exchange of contracts within an agreed timescale. It would be preferable to have a draft contract and transfer prepared at an early stage in order that there is no delay once a preferred purchaser has been identified.

11.3 **MAKE ASSUMPTIONS ON OUTLETS AND NUMBER OF PRIVATE AND AFFORDABLE HOUSING SOLD MONTHLY PER OUTLET.**

Clearly, it is difficult to estimate future market trends, particularly for a project with an extended timescale such as Otterpool Park. It would be necessary to adopt a flexible approach to assumptions on sales per outlet in order to

reflect market absorption rates at the point of launching each parcel. This said, at the time of writing, current rates of roughly four to six units per outlet, per month are being achieved across the region throughout medium to large new homes schemes.

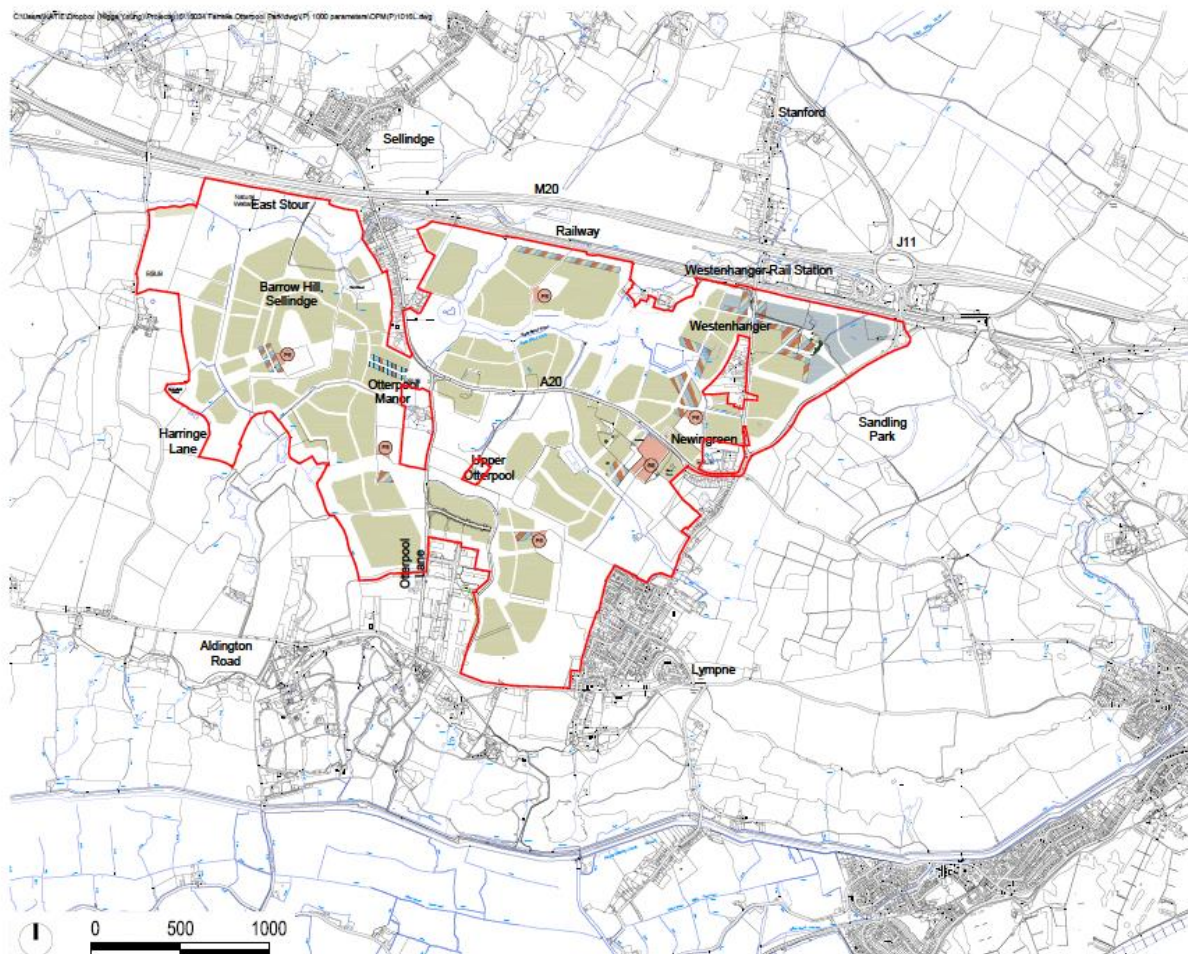
11.4 **IDENTIFY PARCELS TO BE SOLD / PHASING / HAUL ROAD AND SALES ACCESS STRATEGY.**

The phasing and timing of parcels going forward will be critical to ensuring best value is achieved across all future land sales. With development at Otterpool Park likely to contribute substantially to the delivery of new housing across the region for the foreseeable future, it is imperative that the phasing, timing and quantum of parcel delivery is carefully considered in line with local planning objectives.

The Core Strategy commits FHDC to delivering a minimum of 350 dwellings (Class C3) per annum on average over the plan period (until 2030/31 - inclusive from 2006/7) while seeking to deliver an uplift of 400 dwelling per annum up to 2025/6. This totals approximately 8,000 dwelling by the end of 2025/26 (Policy SS2 of the Core Strategy). Delivering “8,000 dwellings between 2006 and 2026 would result in a rate of house building in line with trends of recent decades” (paragraph 4.47 of the Core Strategy).

BNP Paribas’s or another agent’s advice on the phasing strategy and land parcel identification from a marketing perspective would be based on a number of factors including:

- Maximising ultimate land value for the Council via the LLP;
- Promoting the delivery of a range of products and tenures concurrently across the site to ensure a consistent rate of housing delivery;
- Taking into consideration that FHDC plan to manage housing supply through the objective that at least half of new homes by 2026 are three bedroom (or larger) (Policy CSD2 of the Core Strategy);
- Ensuring the quantum released to the market is carefully managed so there is not an oversupply at any one time; and
- Maintaining a policy of a limited number of developers on site at any one time to ensure a smooth and harmonious housing and infrastructure delivery programme.
- In accordance with Parameter Plan OPM(P)1016 L from the application for outline planning consent dated 6th December 2018, residential development areas have been suggested as illustrated in brown in the image below:



To remain aligned with the outline planning application, it is recommended that the LLP refers to agreed Parameter Plans alongside any development timelines seen in the Design and Access statement to educate the collective opinion on phasing strategy. As the statement suggests, careful consideration would need to be paid in order to provide the necessary mix and quantum of development to maintain a strong combined trajectory of housing delivery alongside necessary social and physical infrastructure. Considering these factors will help ensure that each parcel is delivered successfully both individually and in terms of the wider Otterpool Park development.

In accordance with the Design and Access Statement, the phasing plans associated with the outline application have taken into consideration the programme for necessary infrastructure, associated cost and resulting viability assessments for 5-year intervals. As such, each phase must consider the level of infrastructure necessary on a physical and social level to accompany the quantum of development proposed across the wider site.

The outline application identified that the first phases should be focused around two areas in order to establish Otterpool Park and compliment all future phasing:

- To the north and east establishing the Town Centre, Westenhanger Castle and Gateway character areas
- To the west in the distinct character area of Otterpool Slopes

It is understood that the LLP will be responsible for undertaking the initial infrastructure works as master developer. This initial phase of works will add value and differentiate the site further. Given the site's distinctive landscape characteristic, it is paramount that primary landscaping works are implemented to promote a sense of place.

Through past experience with schemes of this nature, it should be recognised there will be the requirement to secure early cash receipts to begin the recovered of initial capital investment. Launching the marketing of the first phase(s) of the site shortly after obtaining outline planning consent is recommended, in line with the timing of infrastructure delivery both on a basis necessary for individual parcel delivery and from a strategic point of view considering the wider site.

The indicative phasing will inevitably evolve but it would be necessary to understand the key financial objectives and discuss between the LLP and agent the rate of land sales over the course of the project and how this can be enhanced without adversely affecting land values. With this in mind, to ensure the first phase of development does not prejudice the wider landholding and marketability of subsequent phases, it is recommended that consideration is given to a comprehensive, architecturally led design code. This strategy has been particularly successful at the Kingsmere project in Bicester, for example, and has enhanced design quality and serviced land values.

Whilst at present the site has been divided indicatively into a number of parcels for planning purposes it may well be that the approach differs slightly if there were perceived to be a requirement for a larger or smaller land parcel at any one point in time, or if indeed the LLP's cash flow requirements were to change over the course of the business plan. In this context, the site is considered to be deliverable in a variety of ways, which can be explored with the wider technical team in due course

11.5 IDENTIFY INITIAL LAND RECEIPTS PER PARCEL.

Assuming a plan or accommodation schedule is available for each parcel within the submitted planning application documents, BNP Paribas or another agent would undertake a development appraisal, considering the sales values per unit and associated development costs. This would be cross referenced against the current financial model which would be updated according, both a time of appraisal and again following disposal, when value is crystallised.

The agent would also undertake research into comparable land transactions within the surrounding areas/similar projects in order to estimate plot sales and prices per acre.

As the scheme has garden town and place making status, the agent will review and assess the value of each parcel when sold, which will allow all stakeholders to project future land sales throughout the lifetime of the project.

11.6 **AFFORDABLE HOUSING**

In accordance with the Planning and Delivery Statement, Affordable housing will be distributed through the development in clusters, with their size determined having regard to the location within the development to ensure the new garden settlement develops as a mixed and sustainable community. It would be worth noting that, during the course of parcel disposals, Housebuilders will undergo a competitive Registered Provider tender process when bidding, ensuring value is driven.

11.7 **COMMERCIAL**

Recognition for the importance of the Commercial and Community uses in a scheme such as Otterpool is growing after many years in the shadows of the residential elements. Where traditional neighbourhood centres used to mean only convenience retail, the BNP PRE team are at the forefront in developing a sustainable shift towards a mix of uses, including residential, workspace, healthcare and other community facilities.

BNP Paribas are firmly of the opinion that the recent coronavirus pandemic will result in long-term changes in the way we live, work, shop and communicate which will heighten the importance of delivering a desirable mix of uses going forward.

From our extensive experience in this sector, we have learnt that understanding and establishing levels of demand from different non-residential uses is vital. This task should form a key element of the early stages of the development strategy as it ensures that the town centre and other commercial areas are relevant to the scale of the residential development and is crucial to its long-term success.

Early engagement is also essential to placemaking and creating real lasting social value for the town centre. Often, this will entail bringing together community groups, developers and councils to achieve a consensus about the town centre and finely tuning it to the needs of the local community and wider catchment. We also

need to be mindful that, whilst the social benefits of such schemes are easily documented, demonstrating a commercial benefit to investing in the non-residential uses can be challenging in certain situations.

It is important to engage in analysis on determining the best location and layout for the commercial Centres within the wider masterplan. Contradiction can exist in balancing community preferences and commercial viability. Understanding the drivers and influencing factors on the location of non-residential uses is crucial in striking the right equilibrium.

Timing for the delivery of the non-residential uses is an important consideration when strategising. Whilst it may not be financially viable to open some uses when the first residential units are occupiers, activating the non-residential areas on a temporary or “meantime” basis may be important. This is becoming an increasingly important facet of development and as such, the range of meantime uses has grown significantly.

Opening and activation a town and commercial centre from an early stage is beneficial to longer-term placemaking; it provides residents with the built infrastructure from the moment they move in. Rather than allowing people to create patterns in the absence of the town centre, the centre can set the tone for the rest of the development and start to build a community.

It can often be difficult to generate key occupier interest and engagement at an early stage and engagement with local and regional businesses is important during initial stages.

Important to the success of the new town and commercial centre and its attractiveness is its ability to draw people in, creating footfall throughout the day and maximising dwell time and spend. We recognise that there needs to be multiple reasons to be there not just traditional convenience retail. We often advise on the benefits in linking the town centre with schools, nurseries, care homes, doctors’ surgery, leisure centre, gyms, collection points and the like.

Non-residential development needs to be designed and built with flexibility in mind, allowing uses to change over time, responding not only to the demands of the local communities which they serve but also the changing landscape of retail and technology. This will ensure the future sustainability of the centre.”

12. QUALITY ASSURANCE AND MONITORING

Risk management

RISK	Original risk			MITIGATION MEASURES	ACTION TAKEN	Mitigated risk				Milestone drop off	RESPONSIBLE OWNER
	PROBABILITY	IMPACT	SCORE			PROBABILITY	IMPACT	SCORE	Change in risk level		
Project becomes unviable due to unforeseen additional cost, particularly up front infrastructure, required for phase 1	3	5	15	Ongoing update of financial model and infrastructure schedule to monitor changes and assess options.	Infrastructure costs and phasing being reviewed to maximise efficiency of spending.	2	4	8	✓	Outline Planning Application	JB
				Take advice from BNP Paribas and PWC on maximising financial efficiency of the project and pursuing other additional sources of income (eg council housebuilding).	Discussion with Homes England.						
				Be ready to bid for future funding sources from central government, including ongoing discussions with Homes England about funding.	Participation in East Kent Infrastructure Deal negotiations with bid for funding for OP.						
Slowdown of economy due to Covid results in stagnation of housing market and lower property and land values	5	2	10	Viability planning takes long term view and allows for scenarios of lower economic and housing growth. Given early stage of project the immediate impacts are limited, but longer term impacts eg on council borrowing should be planned for.	Discuss with advisors as part of financial risk management	3	2	6	✓	Developer Led - Tier 3 Works (Residential)	JB
Political and reputational risk if Council's financial spend on project is seen to be imprudent or not in best public interest	2	3	6	Set out financial planning in Business Plan		2	3	6	→	Enabling Works - Tier 3	JB/ AJ
No / inadequate funding for infrastructure, and therefore risk of inability to deliver vision/objectives; piecemeal delivery, infrastructure delays and housing delivery not accelerated	3	3	9	Financial model assumes no external funding.	Ensure delivery vehicle tasked with forward delivery of infrastructure. Lobbying Homes England and MHCLG	2	2	4	✓	Outline Planning Application	JB
				Be prepared for bidding opportunities for government and other funds. Review infrastructure programme and delivery rates to ensure realistic.							
Dispute between Board and council Members/ dismantling of LLP	3	4	12	Use shareholder meetings to ensure political direction agreed	regular liaison and review of priorities through business planning	2	4	8	✓	Last Developer signed up	JB/ Board
				Set out objectives clearly at start	legal advice on protecting future of the company						
				Maintain good working relationships with officers and members Presentations to update all members							
Board underperforms or fails to fulfil its duties/ fails to agree	1	3	3	Use recruitment process to ensure right skills are included	Legal advice taken on governance matters and all policies	1	3	3	→	Last Sales Received	JB/Chair of board
Site allocation not supported in Core Strategy Review (CSR) by Inspector or plan found unsound. Nutrients flagged as a substantive issue by Inspectors, which raises this risk of delay	3	5	15	Take advice on evidence base.	Counsel advice provided	2	5	10	✓	Outline Planning Application	AJ/DS/JW
				Involve PINS early for informal and formal advice on process. Benefits from having a live application to demonstrate intention to deliver.							
Technical constraints and challenges require additional work and time prior to application being determined, including water nutrient issue	4	5	20	consultants working on on-site proposals for waste water treatment to address nutrients.	Critical path being reviewed; tier 2 work underway	3	4	12	✓	Outline Planning Application	JW
				focus for programme remains getting to start on site rather than achieving PP.							
Agreement not reached with Homes England over its role as partner and development of its land. Relates to agreeing funding for infrastructure.	3	3	9	Continue discussions with contacts at Homes England on landowner and planning side, reinforcing importance of shared objective of allocation in CSR. Proposal options expected Oct 2020.	Set up meeting with Paul Kitson/ Barry Cummings	2	3	6	✓	Outline Planning Application	JB/AJ
Local government reorganisation, eg formation of a unitary authority	2	3	6	It would take several years to implement, likely to affect later years		2	3	6		Last Developer signed up	JB/AJ

i Board decision 15 July 2020 minute 3

ii Board decision 15 July 2020 minute 4

Appendix 1