

Executive Summary

This is a complex major application which proposes the creation of a mixed-use development, to include for up to 3700 dwellings. The application has been made in outline form with all matters reserved. The application seeks approval for the principle of development based on the submitted documents.

The application was made valid on 1 September 2014. Since then, the application site has also been identified as one of the Government's Garden Village projects.

The application was part-heard in July 2017 by the Development Management Committee.

This report advises on the following:

- Actions since July 2017 – section 2
- Changes / Amendments to planning policy considerations – section 3
- Housing Infrastructure Fund – section 4
- Evaluation – section 5 – covering the following sub-headings:
 - Issues raised by Members in July 2017 – section 5.2
 - Planning Obligations (S106) including - 2017 position, Development Feasibility / Viability, Affordable Housing, Planning obligation approach – including review mechanism – sections 5.3 to 5.51
 - Other scheme benefits – sections 5.52 to 5.56
 - Garden Village principles – sections 5.57 to 5.68
 - Draft conditions – sections 5.69 to 5.74
 - Planning Balance – sections 5.75 to 5.82

The recommendation before Members considers both the content of this report, and that presented previously in July 2017.

Having considered all relevant policies of the development plan and all relevant material planning considerations, the development is in accordance with the development plan (when taken as a whole) and it is not considered, having carried out the planning balancing exercise, that there are any material considerations which indicate otherwise than a grant of planning permission. While there are some impacts resulting from the scheme; the proposal would deliver significant benefits to Grantham and South Kesteven's wider economy. Therefore, on that basis it is considered that the application can be supported.

The application is recommended for approval subject to the completion of a related Section 106 planning obligation and final planning conditions.

Recommendation

Defer to the Chairman or Vice-Chairman, in consultation with the Head of Development Management and Assistant Director for Growth, for approval of the application subject to:

1. The provision of a S106 planning obligation in accordance with the requirements set out within this report
2. Final approval of the conditions

In the event that the S106 planning obligation has not been completed within a six month period and where, in the opinion of the Head of Development Management, there are no extenuating circumstances which would justify a further extension of time, the related planning application shall be refused planning permission for appropriate reason(s) on the basis that the necessary criteria essential to make what would otherwise be unacceptable development acceptable have not been forthcoming.

Appendices

Report to 18th July 2017 Planning Committee – Appendix 1

Additional items paper for 18th July 2017 Planning Committee – Appendix 2

Minutes of 18th July 2017 in relation to the application – Appendix 3

Heads of Terms – Appendix 4

Draft Planning Conditions – Appendix 5

1.0 Introduction

- 1.1 The application was reported to the Planning Committee on the 18 July 2017, with a detailed report (Appendix 1), which sought to agree that the application be approved in principle, subject to the details of the planning conditions and the Section 106 (hereafter referred to as S106) agreement being reported back to and approved by the committee. The S106 would then be required to be completed before the decision is issued.
- 1.2 The Chairman provided clarification at the meeting that the consideration represented the first time that the Committee would see the outline application and that it provided an opportunity for Councillors and members of the public to raise their suggestions and concerns to help shape the draft conditions and detail of the application.
- 1.3 Members resolved to make the following decision:
That the principle of the application for the development of the site is accepted subject to details of planning conditions and the S106 Agreement, together with the parameter plans and design and access statement, being reported back to the Committee for approval
- 1.4 Detail of this decision is set out within the attached appendices. Of key relevance within Appendix 1 are:
 - Indicated S106 items – Section 10 – paras 10.1 – 10.8
 - Draft conditions – Pages 40-44
- 1.5 One of the most significant areas of discussion at the July 2017 meeting surrounded the level of Affordable Housing which the development could support.
- 1.6 This report provides an overview of the activities undertaken since the July 2017 decision of the Planning Committee and seeks to identify how the remaining matters have been resolved, in order that a recommendation of conditional permission (subject to the conclusion of a s106 agreement) is presented.

2.0 Actions since July 2017

- 2.1 The following table provides an overview of the key dates and actions/activities undertaken since July 2017. *Actions relating to Housing Infrastructure Fund (HIF) are shown in italics – more detail on HIF is provided in section 4.*

Key dates	Key actions/activities
18 th July 2017	Decision of the Planning Committee

July 2017	<i>HIF bids invited.</i>
July-Sept 2017	Ongoing work to consider the views of the DM Committee, particularly in respect of the provision of on-site affordable housing.
September 2017	HYAS (consultants) masterplanning review with SKDC and Buckminster <i>HIF Expression of Interest submitted</i>
September 2017 – January 2018	Ongoing work to consider the viability of the scheme in the light of the garden village principles and resultant housing values.
February 2018	High-Level viability appraisal produced by consultants Strutt & Parker to inform S106 process.
April 2018	Response from Buckminster to Strutt & Parker work regarding S106/Planning Obligations and Affordable Housing.
May 2018	Meeting between SKDC and Buckminster regarding S106/Planning Obligations and Affordable Housing. Agreement to undertake a commission to obtain independent Development Feasibility and Delivery support. <i>HIF bid identified as one of the short-listed submissions to be taken forward.</i>
June 2018	Development Feasibility brief issued for expressions of interest
July 2018	GVA (consultants) appointed to undertake Development Feasibility work
August 2018	HYAS appointed to review conditions and Masterplanning requirements to enable conversion from an SUE to a Garden Village. <i>HIF inception meeting between SKDC/LCC and Homes England</i>
September 2018	Interim report received from GVA <i>HIF Co-Development phase begins – supported by Homes England.</i>
End October 2018	Final report from GVA received. <i>HIF Co-Development phase continued.</i>
November 2018	Report from HYAS on conditions. Review of HYAS work by Mills & Reeve (legal) Development Feasibility report refinement and discussions between SKDC and Buckminster. <i>HIF Co-Development phase continued.</i>
December 2018	Continuation of discussions with Buckminster regarding viability, and affordable housing. Input by Mills & Reeve (legal) regarding draft Heads of Terms. <i>HIF Co-Development phase continued.</i>
January 2019	Further discussions with Buckminster, involving presentation of revised Affordable Housing offer. <i>HIF Co-Development phase continued.</i>
February 2019	Final discussions with Buckminster regarding draft Heads of Terms and conditions. Committee preparation.
26 th February 2019	Consideration by the Planning Committee
March 2019	HIF submission deadline.

3.0 Changes/Amendments to Planning Policy Considerations

- 3.1 The South Kesteven District Council Core Strategy, Site Allocations and Policies Development Plan Document (SAPDPD), Southern Quadrant Supplementary Planning Document (SPD), Grantham Transport Strategy, and SKDC Corporate Priorities all remain unchanged from the 2017 report.

Emerging South Kesteven Local Plan

- 3.2 The draft Local Plan was formally submitted on 15 January 2019 for consideration by the Planning Inspectorate. As the plan progresses through its preparation, it is possible to increase the weight attributed to new policies. In line with the NPPF (para 48), it is possible to attach increased weight to emerging policies according to: a) the stage of preparation of the emerging plan; b) the extent to which there are unresolved objections to those policies; and c) the degree of consistency of the relevant policies in the emerging plan to the policies in the Framework.
- 3.3 In this instance, it is considered that some weight can be attributed to policy GR3-H1 which is the specific allocation policy for the site as there have been no significant representations or objections to this policy, and it is not expected that this policy will change through the examination process.
- 3.4 Other policies, such as H2 (Affordable Housing Contributions) can only be afforded limited weight and should be treated as a direction of future policy intent, as these policies have unresolved objections and are likely to be challenged through the examination process.
- 3.5 Within GR3-H1, reference is made to the site as being a Garden Village, with specific requirements for the allocation set out under policy GR3-H1 including seeking to reflect garden village principles and encourage exemplary standards of design and sustainability.
- 3.6 As part of the evidence base to support the progression and development of the Local Plan, a number of documents have been prepared, particular attention is drawn to the Whole Plan Viability Study (2017):

Whole Plan Viability Study (WPVS) 2017

- 3.7 The purpose of the Whole Plan Viability Study (*WPVS*), produced by AECOM, is to assess whether or not the policies proposed within the emerging Local Plan would allow viable development to come forward. The purpose of the study was not to look at the viability of individual sites but identify whether viability challenges would hinder the delivery of the overall Plan and its policy objectives.
- 3.8 The study considers key factors such as land-values, developer returns, build costs, and the implications of policy requirements such as Affordable Housing. It also looks at a number of different development proposals, relating to key sites, one of which is a "Strategic Greenfield" site of 3500units adjacent to Grantham. This is Spitalgate Heath.
- 3.9 Importantly it recognises that in relation to very large sites, they have their own characteristics and are often subject to significant infrastructure costs and amount of open space which results in a lower value.
- 3.10 The study identifies a difference in viability between the northern and southern parts of the district, and this is evidenced by testing on greenfield sites in the north where viability can be a challenge owing to the relatively low-values.
- 3.11 The outcome of the modelling undertaken in the WPVS for this site identifies that although a key part of the Plan, it is not viable (with a policy compliant level of affordable housing and £2,500/unit s106 contributions) as the Residual Value falls below the Threshold Value. This occurs even without policy requirements. As a result, the study questions the deliverability of the site, and suggests the Council continue to work with the owners (in line

with Government Guidance) to enable better understanding of the challenges for delivery. Notwithstanding this, a more detailed analysis has been undertaken in relation to the current scheme, and the issues are considered to have been satisfactorily addressed as explained within the viability section of this report.

National Planning Policy Framework

- 3.12 The National Planning Policy Framework (NPPF) has been revised, and the proposals should be judged against the requirements of the updated framework. Attention is drawn to the following:

Section 2 - Achieving sustainable development
Section 4 - Decision-making
Section 5 - Delivering a sufficient supply of homes
Section 6 - Building a strong, competitive economy
Section 8 - Promoting healthy and safe communities
Section 9 - Promoting sustainable transport
Section 11 - Making effective use of land
Section 12 - Achieving well-designed places
Section 14 - Meeting the challenge of climate change, flooding and coastal change
Section 15 - Conserving and enhancing the natural environment
Section 16 - Conserving and enhancing the historic environment

- 3.13 It is also noted that within the revisions to the NPPF that changes have been made to the definitions of Affordable Housing. These changes remove the 'intermediate' approaches (with these now being within affordable rented and affordable home ownership), and with the expansion of the range of products deemed to fall into the affordable housing definition. The revised NPPF also places a greater emphasis on securing design quality alongside overall delivery of housing. In particular para 72 references that planning for larger scale development (such as new settlements) can be a suitable way of securing large numbers of new homes, whilst also identifying at 72c that there should be clear expectations for the quality of the development (such as by Garden City principles). Given this increased emphasis, it is considered that there is a need to consider all relevant measures to secure design quality, including the use of Garden City principles to align with the designation of the site as a Garden Village.

Planning Practice Guidance

- 3.14 The Planning Practice Guidance (PPG) has also been updated to reflect the revisions in the NPPF. The PPG also provides updated guidance in respect of viability. The approach is clear that viability should be considered during the plan-making stage, but can be material to decision-making. The PPG provides guidance on how viability should be considered, along with standardised inputs and clarification on terminology and approach.

4.0 Housing Infrastructure Fund (HIF)

- 4.1 Following a successful expression of interest, the Council is currently in a co-development phase with Lincolnshire County Council (LCC) and Homes England, to bid for Government funding through the Housing Infrastructure Fund (HIF). The purpose of this fund is to seek to remove infrastructure barriers to deliver new housing development and accelerate the delivery of new homes.
- 4.2 Whilst the detailed business case continues to be developed, the delivery of Spitalgate Heath Garden Village is central to the bid, along with other strategic sites within the Grantham area. Approximately £71m from Government is to be sought through the bid.
- 4.3 In the case of Spitalgate Heath, the HIF has been identified to support the delivery of the Grantham Southern Relief Road (GSRR), strategic utility provision (including a primary sub-

station), and education requirements. The intention of HIF is to ensure that necessary infrastructure is in place to support development, for example, ensuring the delivery of schools to meet the needs of future communities, or provision of strategic utilities to enable viable development to come forward. The risk register within the bid highlights the outcome of the GSRR public inquiry and the resolution of the Council to grant planning permission for the scheme at Spitalgate as critical risks to the bid. The public inquiry for the GSRR was held in January 2019, and a decision is expected within the coming months.

- 4.4 The HIF has a published submission deadline of 4th March 2019, and the Council is aware that it is one of approximately 55 bids to be made. It is therefore important that the submission is made in a timely fashion and with the requisite information. This includes how risks to the project can be managed.
- 4.5 Whilst any decision on this application must be predicated upon the application as presented and determined against the requirements of the development plan and all relevant material considerations, it is considered relevant for Members to be aware of the HIF and its implications. Whilst the Council cannot base its decision on what may or may not happen with regard to HIF, clearly if successful there is potential for it to support the scheme, improving the viability and deliverability of the scheme through the reduction in strategic infrastructure costs. This is important when considering the longer-term viability of the development and the ability for its viability to improve over time.

5.0 Evaluation

5.1 The following matters are considered within this section:

- Issues raised by Members of the DM Committee in July 2017
- Planning Obligations (S106) including - 2017 position, Development Feasibility / Viability, Affordable Housing, Planning obligation approach – including review mechanism
- Other scheme benefits
- Sustainable Urban Extension or Garden Village – including approach
- Draft conditions
- Planning Balance

Issues raised by Members

5.2 The following matters were raised during the debate by Members when the application was considered in July 2017.

- a) **The proportion of affordable housing to be provided as part of the development and the availability of affordable housing provision on site** – Substantive issue, see section 5.9-5.28 of this report.
- b) **Consideration of opportunities to preserve and relocate trees planted at Prince William of Gloucester Barracks when their deed of protection ends in 2022** – The Council and Buckminster remain in contact with the Woodland Trust regarding tree issues on both sites. However, this should not have a material bearing on the current application, as the Prince William of Gloucester Barracks site is separate from the application site and is proposed for allocation. Matters relating to the protection or relocation of the trees in question can be discussed as part of the consideration of development proposals for that site, and the landscaping reserved matters for Spitalgate would not preclude this opportunity should it arise.
- c) **Whether the required serviced sites could include ground source heat pumps** – It is not possible to confirm the inclusion of such measures at this stage, such technologies are subject to a variety of factors including cost and ground conditions,

which cannot be judged at this stage. Further, these technologies may not be the most appropriate solution as it is possible to include other sustainable measures through design which may deliver more efficient outcomes. Whilst Officers would not rule out the potential inclusion in future, this should be something left to consideration at the detailed design stage and should not be enforced on the development from the outline stage.

- d) **Consideration of opportunities to incorporate renewables into the development** – This is discussed within the Design & Access Statement under “Sustainability”. The key principles include for consideration of a variety of sustainability measures and standards, with a general principle for integrated solutions. The intention is that properties would be low carbon, meeting or exceeding the relevant sustainability standards in place at the time and seeking to use design measures as well as technology to ensure a highly sustainable form of development. These matters would be considered further within the further design work for the whole site and within the detailed design of each Reserved Matters.
- e) **Consideration of opportunities to provide charging points for electronic vehicles** – This is discussed within the Design & Access Statement under “Sustainability”. The principles include reference to exploring the opportunities for integration of new technologies, and sustainable approaches to energy use and provision. It is likely that EV charging would be integrated into the development but cannot be confirmed at this stage as further design work and electrical capacity analysis is required. These matters would be considered further within the further design work and detailed design of each Reserved Matters.
- f) **Ensuring roads within the development are built to an adoptable standard** – It is anticipated that the site would be served by roads of an adoptable standard and which would be formally adopted by LCC.
- g) **Whether it was possible for the proposed width of bund separating Saltersford Grove and Spitalgate Heath to be further extended or the location of the recreation area to be moved to provide greater separation between the two** – Although the proposed relationship as indicated on the illustrative Masterplan is considered to be acceptable, this could be further reviewed as the detailed designs are developed. This would be subject to conditions.
- h) **In determining the application the Council should ensure that Londonthorpe and Harrowby Without Parish Council is involved** – The application has been subject to consultation in accordance with the relevant legislative requirements. It is envisaged that further discussion with the Parish Council would be undertaken as part of the evolution and design development of the site.
- i) **The impact of an increased number of cars travelling from the garden village into the town centre on existing routes (particularly Gainsborough Corner junction and Harrowby Road) including increased congestion and safety** – Matters relating to highways and increased traffic generation have been considered as part of the application, including review by LCC Highways who have not objected to the development subject to conditions as recommended. Detail on highway matters, including the relationship with and impact of the Grantham Southern Relief Road were set out within the original report (Appendix 1).
- j) **‘Lifetime Homes’ principles in the development** – This is discussed within the Design & Access Statement under “Sustainability”. The key guiding principles for the development include reference to exploring the design of homes to provide modern living, and flexible arrangements which could comply with Lifetime Homes principles. These matters are also covered by the conditions.

- k) **The mix of housing types was under discussion as part of the Section 106 Agreement package** – The mix of housing types is established within the Environmental Statement, and there would be a requirement within the conditions for details of the mix within each phase or sub-phase to be presented. Affordable Housing would be dealt with as part of the S106. Overall, as per the Environmental Statement, the scheme would provide for a mix of housing types to meet local needs and market demands, including both open-market and affordable housing.
- l) **Whether the community facility would be made available for everyone (including whether it offered an indoor sports facility)** – The aim of the community facilities, and other amenity spaces (including sports facilities) is primarily to cater for the residents of the development, but there would not be any restrictions in planning terms which would prevent the use by other members of the community or the wider population. The community facilities and sporting facilities would be managed and operated separately from the development of the site – i.e. by another organisation such as a club, trust, or council.
- m) **Whether provision had been made for places of worship** – This is not a specific requirement, but that is not to say that such a use could not come forward within the Local Centre once detailed work has been undertaken on interest for this area. It is also possible that this could be a multi-functional space, for example within a community hall.
- n) **Ensuring that garden village principles are incorporated within the application, including specifically gardens attached to properties, public gardens and houses lining the street** – The applicants and the Council remain committed to the Garden Village as per the emerging policy in the Local Plan. The site remains part of the Government's Garden Village programme. This will be progressed through the next stages of design development. The conditions also include requirements to allow the aspiration of Garden City principles to be achieved, whilst the S106 would cover other matters such as Affordable Housing land-value capture.
- o) **Some concern over the proposed build rate of 125 units a year and the suggestion of having the site built out by multiple builders working in parallel to improve the build rate** – This concern is noted, and the applicant's aspirations regarding delivery rates have been identified within the submission – this includes having multiple companies delivering on the site at a time. This is aspirational however and it is not possible to control/guarantee delivery in this instance. It is logical to conclude that having more than one outlet (builder) for the units would increase delivery rates, however, there is a direct link also to the market absorption rate and subsequent sales which have implications for the viability and delivery of the scheme as a whole. Notwithstanding the position within the application, the Council along with the Applicants will look to actively engage to improve delivery on site and will be seeking to work with organisations such as Homes England to improve delivery rates. Such discussions are separate from the planning decision. Given the emergence of the Housing Delivery Test (HDT) within the revised NPPF, the Council will look to play a proactive role in securing efficient and effective delivery on this site as a major contributor to the Council's housing delivery requirement, although at this stage, the precise nature of this role and associated actions are not yet known. In addition, the objective of HIF is to increase and accelerate delivery, and as a result if granted this could assist in increasing delivery.
- p) **Whether there should be an increased commitment regarding the employment site in addition to the suggested communications strategy (e.g. erecting the first buildings)** – This has been looked at, however, owing to the viability position (and the need for cross-subsidy of the employment land from the residential development) this is considered unlikely to be achievable. This position is further supported by the

emerging policies of the Local Plan which identify the potential for an alternative approach to development on this land. The delivery of the employment site needs to be driven by market demand. That said, there would be an agreed Marketing Strategy, and this in combination with involvement of organisations such as InvestSK would aid in delivery of the employment land. It is considered that it would not be reasonable, or appropriate in this instance to be more specific over delivery timescales for this element of the scheme.

- q) **Any matters related to the development should be presented for Committee approval rather than delegated to the Chairman and Vice-Chairman to sign-off** – This matter is not material to the Planning determination. Any subsequent applications that are made would be determined in accordance with the requirements of the Council's constitution that is in place at the time.
- r) **Illustrations indicating house design, street design and community design as presented in the design and access statement received positive comments** – The conditions proposed would allow an appropriate design response to be delivered and secured.
- s) **One of the major identified benefits of the project was the delivery of the Southern Relief Road which would relieve the town centre of heavy goods vehicles** – The S106 would secure the significant financial contributions towards the road. This significant public benefit would remain. LCC are actively progressing delivery of this route, with the Public Inquiry relating to the relevant highway orders having recently been completed and a decision is expected in the coming months. The road remains a key objective of LCC, and forms part of the HIF submission.
- t) **Given the anticipated period over which the development would be built out (25-30 years) Members asked whether it would be possible for each of the project's phases to be presented to the Committee prior to commencement** – As per the earlier point any applications would be determined in accordance with the requirements of the Council's Constitution at that time.

Planning Obligations (S106)

- 5.3 Planning Obligations (commonly known as S106 obligations) are legal obligations which can be used within planning decisions to make development acceptable in planning terms. This section aims to provide Members with greater clarity on the planning obligation which would relate to this application. It will also cover matters relating to the Heads of Terms, Affordable Housing and Viability.

Approach outlined in 2017 Report

- 5.4 Paragraphs 10.0 to 10.8 of the previous report (Appendix 1) identified the general approach to S106 contributions. Owing to the substantial costs in relation to the Grantham Southern Relief Road (GSRR) Phase 3, there would most likely be financial viability (and therefore scheme delivery) issues if the maximum/full contributions as required by policy and consultees were sought.
- 5.5 The position presented to Members at that time was that the likely scenario was one of a combination of initial payments, and contingent (overage) payments made following viability reviews undertaken over the lifetime of the development. It was also identified that any payments would be collected and monitored by the Council, and then released by the Council to relevant stakeholders (such as LCC, NHS etc) as may be required.
- 5.6 Paragraph 10.4 of the previous report (Appendix 1) identified that the requirement of Core Strategy policy H3 was for a target provision of 35% affordable housing from the

development. Policy H3 does allow for a reduced percentage if it can be demonstrated that viability would be affected. Moreover, the application itself identified (within the Environmental Statement) that it would be necessary to provide sub-policy levels of affordable housing owing to the viability of the development and the necessary infrastructure costs.

- 5.7 It was recommended at the time that an appropriate flexible approach was taken to the exact percentage of affordable homes to be provided via the S106 agreement given the need to prioritise contributions to the GSRR. The level of affordable housing provision was likely to be less than the target set by CS policy H3 and a significant proportion was contingent on overage. It was anticipated that the S106 would allow for affordable housing to be delivered in a flexible manner through: on site provision, or by financial contribution, or provision of land within the site.
- 5.8 Following Members' comments during the debate, it was clear that there was a desire to secure some on-site delivery of affordable housing as part of the scheme. This has led to further work being undertaken to understand the viability of the scheme, and various discussions with the applicants and their consultants. This is summarised and evaluated within the following paragraphs.

Viability and Development Feasibility

- 5.9 Since Members' resolution in July 2017, Officers used considerable efforts to better understand the overall viability of the scheme and work with the applicants to attempt to secure the delivery of affordable housing on-site. This work has been ongoing for over a year, with involvement from various consultants and subsequent negotiations between the landowner and their advisors, and Officers.
- 5.10 Most recently a consultant was appointed on a joint commission between the Council and the applicants to review the development feasibility and viability and seek to advise the parties on matters relating to development viability. The appointed consultants (GVA) provided guidance relating to the overall percentage of affordable housing, the effect of differing affordable housing tenures, and on models for development delivery. The appointed consultant also undertakes similar work for Homes England and has also advised on the potential for further discussions with Homes England regarding delivery of the scheme and infrastructure barriers.
- 5.11 The work was predicated on the basis of the development being brought forward on a phased approach - based on the principles of the scheme as presented, and with the applicants delivering 'shovel ready' parcels of land – i.e. parcels which can be easily taken forward by a housebuilder without significant enabling works. This is a similar model to the one employed by the applicant at Poplar Farm which has delivered more than 600 units to date.
- 5.12 The report also considered the future delivery of the site as a 'Garden Village' and the potential for positive growth in sales values because of improved place-making and also increases in residential values over-time. The key outputs from this work are summarised as follows:
- On development costs, there has been little change overall since the previous work was undertaken to establish key development costs in 2014. Costs relating to infrastructure (inclusive of S106 – without affordable housing), are within the typical range for a scheme of this type and size.
 - The Benchmark Land Value sought by the applicants is reasonable. It is higher than theoretically envisaged for garden settlements when considered against the Exchange Paper "Garden Villages (Empowering Localism to Solve the Housing Crisis)" by Lord

Matthew Taylor, but is well below what would be expected for Sustainable Urban Extensions, and is also below the land-value anticipated by the Council's WPVS referred to in paras 3.7-3.11.

- The delivery of the development indicates a period of circa 22 years, with most annual completions taking place within years 11-19. Infrastructure costs are to be spread within each of the phases.
- The commercial / employment land is not viable for development without cross subsidy from the residential element, or external funding.
- The scheme is not viable with affordable housing at 35% (current policy) or 30% (emerging policy) and can only support minimal levels of affordable housing, primarily owing to the infrastructure costs. Although the requirement for cross-subsidy of the employment land by the residential was also noted.
- That owing to a combination of a 'place making premium' (increase in values over time), and other forms of funding such as HIF (to reduce infrastructure costs) there would be potential for the viability position to be improved over time. This increase could then be used to support increased design standards, or other planning requirements such as additional affordable housing.

5.13 The work has also identified that:

- The delivery of Garden Village principles would increase development costs, but could instil confidence for investors and stakeholders, subject to clarity on the delivery mechanism and the 'vision' for the development.
- Relatively 'simple' changes such as the inclusion of self/custom-build plots and changes to the type of affordable housing proposed could have positive effects on the overall viability position, albeit of a limited scale. In addition, increasing the delivery rate on site could also improve viability, and the inclusion of smaller SME/regional housebuilders could also have a positive effect as well as aligning more closely with the principles of garden settlements.
- The role of the Local Authority in relation to delivery should not stop with the statutory planning function. The Council should look to adopt a proactive role in delivery, working in partnership with the landowner or other organisations such as Homes England. The Council should look to explore all mechanisms to encourage a 'long-term interest' in the site. The lack of a master-developer able to subsidize the development, or partner willing to invest 'patient capital' is a risk to the delivery of the site and could lead to restricted delivery and slowed growth.
- Opportunities for public sector investment should be explored to help improve delivery rates and also the quality of place-making. The live HIF bid is of paramount importance to supporting delivery of infrastructure and generating surplus funds to improve the viability of the scheme which can then be recycled into other objectives such as design enhancements or affordable housing.

5.14 The outcomes of this development feasibility and viability work has been used to inform negotiations between the applicants and the Council.

5.15 During these negotiations, the applicants continued to stress that whilst they accepted the importance and benefits of affordable housing delivery, the proportion of affordable homes would need to be at sub-policy compliant levels as the scheme has significant costs – including funding towards the GSRR, other S106 obligations, and relatively high costs of infrastructure provision, along with challenges such as increased development costs due

to topography. The applicants considered that as the project is identified as being unviable within the WPVS with policy compliant affordable housing, a lower or zero percentage could be justified. Additionally, they did not wish to commit to a planning obligation which would either render the development unviable or un-deliverable. Despite this, and following the comments of Members in July 2017, the applicants and Officers have sought to investigate all possible avenues to secure affordable housing through the development.

- 5.16 As a result of negotiations between the parties, the Heads of Terms (Appendix 4) now include for the provision of 10% Affordable Housing provision on-site – equating to 370 units. This would be a minimum figure, with its tenure being split 60:40 (rented:ownership) as per current policy, with the definition of Affordable Housing reflecting that used within the revised NPPF. In addition, the review mechanism and associated overage arrangement could generate additional Affordable Housing over the lifetime of the development. It is proposed that the S106 includes sufficient flexibility to allow the Council flexibility and discretion over the approach to delivery of any surplus – i.e. through delivery of on site, or provision of land, or provision of contributions. In addition, owing to the infrastructure costs associated with the initial delivery on site, it is proposed to allow 500 units to come forward before the affordable housing is required, to improve the viability and cash-flow positions. The affordable requirement would then be delivered within the 3200 units remaining. It is this position which is reflected in the Heads of Terms (see Appendix 4)
- 5.17 GVA were asked to review the position and advise on the viability of the scheme, and have identified the following headline viability figures:

	Affordable Housing (10%)	Notes
Local Centre	£1,000,000	
Residential Plots	£120,178,402	
Total Revenue (A)	£121,178,402	Revenue takes account of increased place-making costs - £1000per unit - to reflect additional costs associated with place-making (i.e. Garden Village standards).
Infrastructure	£47,832,327	
S106	£27,805,000	These are the fixed/initial items only which would be covered by the tariff.
Design Fees	£4,146,995	
Archaeology	£750,000	
Contingency	£5,136,463	
Interest Payments	£1,507,617	
Total Costs (B)	£87,178,402	
(C) Return (A - B)	£34,000,000	
(D) Target Land Value (TLV)	£34,000,000	
Shortfall /Surplus (C - D)	£0 (NIL)	

- 5.18 The GVA figures utilise the following assumptions:
- Increased sales values – including a sales premium in year 5.
 - An increase in place-making costs (equivalent to £1,000 per property) for Garden Village Principles.
 - Zero affordable for the first 500 dwellings whichever comes first.
 - Affordable Housing commencing in year 5 at 10%

This high-level appraisal identifies that the scheme would be viable with 10% affordable housing – it should be noted that this is based on residential plot values which are anticipated to be higher than historic sales within Grantham such as Poplar Farm. This is derived from the anticipated place-making (Garden Village principles) and the impact the site could have on the Grantham housing market. Both factors have potential to have a positive effect on residential sales values, and there being no affordable housing requirement within the first 500 units to reflect the infrastructure costs and cash-flow. It should be noted that the appraisal also assumes there would be some additional cost to the scheme in respect of place-making to deliver the quality of place, which in turn would increase sales values. This is reflected in the total revenues because of those costs being met by the developer.

- 5.19 The applicants consider that whilst the GVA appraisal remains predicated on optimistic sales values which exceed their past experiences on Poplar Farm, they acknowledge the conclusions reached by GVA. There is also an acceptance by them that the scheme's viability could be improved if funding can be secured (e.g. through HIF) which could reduce or defray infrastructure costs.
- 5.20 Based on the advice from GVA, it is Officer's view that the 10% on-site delivery with a 500 unit 'grace' period and overage clause is a reasonable and appropriate minimum offer, and which is recommended to be accepted by Members. The proposal would secure 10% Affordable Housing on-site, thus ensuring some affordable delivery within the development as a minimum level. The overage approach and review mechanism would enable additional benefits to be captured over the lifetime of the development. Furthermore, the proposal would reflect the viability of the scheme, allowing for the development to come forward. The approach would be in accordance with recent Government guidance relating to viability, and national appeal outcomes.
- 5.21 Officers accept that the level of provision would be below the target policy level, particularly when considering the requirements of the emerging policy direction of the draft Local Plan. However, this position has been appropriately justified and tested, and is considered to reflect the complexities and challenges of the scheme - including infrastructure costs. Additionally, it is considered that a pragmatic approach needs to be adopted as it is not possible to remove all assumptions when developing an approach to viability for this site and scheme. For example, there may be fluctuation in infrastructure costs (such as utility costs), land-sales, and development costs (following detailed design and engineering work). Whilst the viability assessment has been undertaken based upon the most relevant and available information it is not possible to establish a viability model for the development at its current state which fully, robustly and accurately accounts for all variables and all scenarios (such as changing economic circumstances).
- 5.22 As such, it is considered that the approach adopted - a minimum committed level of affordable housing, coupled with the overage/contingent arrangement - is reasonable. This overage/contingent arrangement enables a longer-term view of the development to be taken. In this way, whilst it is not possible to achieve a full policy compliant level of affordable housing at the outset, over the longer-term it is likely that the viability position should improve, and the review mechanism would allow additional affordable housing delivery to come forward on the site.
- 5.23 In the event of HIF being secured, it is possible that the anticipated utility costs (in particular £13m identified as being required for a primary substation) could be reduced. In a worked example scenario, if HIF provided half of the funding for the primary substation (i.e. £6.5m or £13m), this reduced cost would bring an additional £6.5m into the scheme. This could then be allocated towards affordable housing. In addition, HIF would enable key infrastructure and services to be delivered (including the road and education) which would enable development to be delivered and would contribute to achieving the increased sales values.

- 5.24 Therefore the scheme would:
1. Deliver 10% affordable housing as a minimum.

And could:

2. Deliver a further base-level 5% based on the identified contingent sums (depending on the final tenures).
3. Deliver a further base-level 6% based on reduced infrastructure costs because of HIF – using the worked example above.

Combined total - 21% (777units)

For comparative purposes, Poplar Farm has a 22% affordable housing requirement.

- 5.25 Whilst the Heads of Terms identify anticipated contingent sums, Officers advise that the S106 would include appropriate provisions to enable the ability for a greater level of affordable housing to be captured, up to the policy compliant 30% provision (equating to 1110units) should additional surplus funds be identified. Thus, retaining the potential for policy compliance to be achieved in the longer-term.
- 5.26 The outcome of the development feasibility work, and the applicants own assertions, correlate with the findings of the WPVS in that the development cannot support the full policy requirements. This reinforces the need to consider this site in a slightly different way to other sites, and look at alternative ways of addressing the barriers to development delivery including pursuing all opportunities to support infrastructure funding and thus improve the viability position.
- 5.27 Given this, Officers agree with the applicant's position that the development is unable to commit to the provision of a policy compliant level of affordable housing without the viability of the scheme being prejudiced and the scheme failing to come forward. As a result, it is recommended that the approach within the Heads of Terms (Appendix 4) is accepted. This secures 10% minimum provision on-site, with the potential for this to be increased over the lifetime of the development, up to a policy compliant level of 30%. The affordable housing, and any subsequent provisions pertaining to the overage and review mechanisms and future delivery would all be secured through the S106 agreement. Appropriate mechanisms can be secured within the S106 which would be suitable for a scheme of this size and characteristics. The approach is considered to be legally sound and would be consistent with the advice given by the PPG.
- 5.28 To that end, Officers recommend that the level of affordable housing provision is justified in this instance.

Affordable Housing Definition and Approach Within Reviews

- 5.29 It is also considered to be important to establish the principles regarding the definition of affordable housing and understand how this would relate to the review mechanism.
- 5.30 Policy H3 of the Core Strategy, read in conjunction with the Planning Obligations SPD provides a definition for affordable housing, and identifies a preferred tenure split of 60:40 (rented : ownership). The affordable housing definition is dated (owing to the adoption date for the Core Strategy and the SPD) and it differs from the more up-to-date and flexible approach to affordable housing being promoted through the recent revision to the NPPF. The NPPF now provides for an expanded range of affordable housing types, and tenures, with an increased desire to support affordable home ownership approaches as opposed to being reliant on rented arrangements.

- 5.31 As well as the overall number of affordable housing units to be provided, the type and tenure of affordable housing being proposed also affects viability. For example, affordable rented products for affordable/social rent would generally be purchased by RSLs at around 40% of Open-Market Value (OMV), whereas a Discount Market-Sale product could be sold at up to 80% of OMV therein offering more value into the project. As part of the Development Feasibility commission, the consultant was asked to look at this, and identify if it would be possible to increase the overall percentage/number of affordable homes that the development could support, if the Council were to take a view on increasing the mix of types and tenures of affordable housing, based on the revised NPPF definitions.
- 5.32 The work identified by making a relatively small change to the type of affordable home-ownership products to reflect the NPPF, this would have a positive effect on viability, and would have the potential to positively improve the overall number of affordable homes that could be delivered. This has been used to inform the discussions regarding the minimum percentage which can be delivered.
- 5.33 During the discussions with the applicants this matter has been raised, and whilst they agree to retain the 60:40 split (rented:ownership) in accordance with current policy, it was requested that the definitions of Affordable Housing should reflect the most up-to-date definitions within the NPPF. Officers consider this is a reasonable approach to adopt, as it would provide a bridge between the old policy requirement and the new NPPF (in advance of an updated definition when the new Local Plan is adopted). This approach would retain the majority of the default provision being for the rented sector, whilst allowing for a varied range of products to come forward – particularly affordable home ownership products. This could be further considered within the review mechanism, allowing for flexibility over the lifetime of the development, to reflect changing needs and market conditions. This is appropriate based on the need to secure a deliverable scheme, whilst providing for a range of housing products to meet both current and future housing needs. It should be noted that clauses within the S106 would still be imposed to ensure that the units meet the definitions of affordable housing in the NPPF and where relevant ensure that affordable products are retained as affordable products as necessary.
- 5.34 It is therefore recommended that the tenure split and the use of the NPPF definitions as identified within the Heads of Terms (Appendix 4) are accepted.

Proposed Planning Obligations and Approach

- 5.35 Planning obligations assist in mitigating the impact of unacceptable development to make it acceptable in planning terms, and may constitute a reason for granting planning permission if they meet the tests that they are necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind – as set out in the Community Infrastructure Levy Regulations 2010 and as policy tests in the NPPF.
- 5.36 A number of financial and other contributions are required to make the development acceptable in planning terms, and which are proposed to be catered for within a planning obligation.
- 5.37 Following the various negotiations with the applicants an updated set of Heads of Terms have been negotiated and framed (Appendix 4). The Heads of Terms establish the general approach to the required planning obligation which is based upon a combination of ‘tariff’ payments, ‘overage/contingent’ sums, and other elements (such as the affordable housing). The “tariff” and “overage/contingent” elements are explained in more detail below.

The “Tariff”

- 5.38 The amounts identified against the “tariff” in the Heads of Terms (Appendix 4) are fixed amounts which would be received as the delivery takes place. The approach is that those sums would be collected as a form of roof-tax based upon the number of units being delivered in a particular reserved matters area (i.e. housebuilder parcel) of the development. The Council would receive these monies (paid by the developer) and would administer the collation and distribution of the funds to the relevant stakeholders, for example LCC in respect of contributions towards the GSRR.
- 5.39 The tariff approach is not uncommon on larger schemes. There is precedent for it within the District (at Poplar Farm). This is based on the ability of the approach to see payments made by the developer as and when relevant parcels of land are subsequently sold and are to be brought forward for development. Thus avoiding significant capital lock-up. It also has benefits for the Council in terms of enabling funds to be collected and collated rather than those funds having to be spent on an incremental basis. The payment of the tariff is however related to the continued delivery on site, and the completion of the development in order for all tariff sums to be achieved.
- 5.40 The general approach to the principles of, and associated mechanics of the tariff approach have been discussed with the Councils retained legal advisors and viability consultants who agree with this general approach. It is considered that the use of a tariff approach would be a reasonable and appropriate way of securing the required contributions which are necessary to make the development acceptable in planning terms, and the tariff would be accounted for within any planning obligation. Therefore, it is considered that the approach would be justified based on the requirements of the development plan and national planning policy and guidance. Officers advise therefore that subject to an appropriate mechanism being defined within the planning obligation, this approach can therefore be afforded material, positive weight within the determination of the application.

Overage / Contingent Sums

- 5.41 Overage is a term which is used generally to describe the capturing of any additional funds which are demonstrated following a viability review.
- 5.42 On large-scale schemes such as this, where the development is likely to be delivered over a relatively long time-line, and where outline planning permission is sought for the scheme as a whole, it is important to understand that there are many variables within the viability model which has been created and that the viability of the scheme could change significantly over the development time-line. Changes in aspects such as build costs and sales values, combined with changes in wider market conditions, the speed of delivery, and infrastructure provision, can all impact on the viability model over-time.
- 5.43 The use of review mechanisms as a tool are advocated by the NPPG as a way of providing flexibility or encouraging development delivery, and the guidance advises that review mechanisms are a way of strengthening the ability for a development to become (more) policy compliant over the lifetime of a project. This enables the viability of longer-term projects to be considered over changing economic cycles and to reflect changing market conditions.
- 5.44 Officers believe, supported by the views of our retained viability consultants, that there is potential for the viability of the scheme to be improved over-time. This could be as a result of changing market conditions (e.g. improvement in residential values), changes in build costs (e.g. reductions through changing construction techniques), changes in delivery methods (e.g. incorporation of self/custom-build or use of smaller housebuilders) and potential support from external funding sources (such as HIF) or external organisations (such as Homes England). Given the Council’s Growth agenda, it is considered that all of the above measures can be discussed with the applicants on an ongoing basis over the lifetime of the development, as part of the desire to secure high quality delivery.

- 5.45 It is therefore important to give weight to the benefits that an appropriate review mechanism and overage arrangement can have in terms of ensuring that planning objectives (such as delivery of Affordable Housing) are met where possible. This is particularly important when considering the scheme against the Garden Village principles, one of which is centred upon land-value capture.
- 5.46 Within the discussions regarding the necessary contributions, and the planning obligation, potential contingent (overage-based) sums have been identified. These sums are to contribute towards the GSRR, Affordable Housing and Education, and are identified as being in addition to the initial 'tariff' payment.
- 5.47 For an overage arrangement to work effectively on a scheme such as this, there must be mutual value and incentive in seeking to achieve an improvement in the viability position. It must be in the interest of the developer of the scheme to see value being created, whilst also ensuring that any mechanism is appreciative of the costs and risks associated with bringing forward the development. There is an acceptance from the applicants that it is necessary to have appropriate overage and review mechanisms in place, based on an appreciation that the scheme's viability position may change significantly over-time. The applicants are also understanding of the benefits of the Garden Village and that there is potential for the value of the project to increase if delivered effectively, as well as the potential for significant changes in costs associated with the development's delivery to be reduced if other forms of funding can be obtained. The applicants understand the value of working with the Council to achieve a scheme which is in accordance with the Garden Village principles.
- 5.48 Discussions regarding the approach to viability review and overage have been held. There is common agreement that any mechanism needs to be reflective of the phased nature of the development and should not hinder its overall delivery. Further, any review mechanism should be simple to administer, robust and accurate (being based on evidence), and should look at costs as well as values. The advice from GVA is that it is reasonable for the parties to expect that the review considers both costs and values, this is due to the length of the development lifetime (which could be over more than one economic cycle), and both may change. Officers support looking at both costs and values in this case as the site would be delivered over a 30year timespan, and for example how buildings are constructed in future could allow for reductions in build costs (e.g. potential reductions due to modern techniques – modular/off-site). Including costs and values would allow a more accurate review to be undertaken in future once more detail is available about the final design, and there is a greater understanding of the market conditions at the point of delivery. Having discussed approaches with the retained consultants (who have experience of working on similar large-scale, complex proposals), there is belief that an appropriate review mechanism and overage arrangement can be established within a planning obligation which would achieve these principles. It is recommended that if as a result of the relevant reviews additional value can be identified, this value should be split on a 51% developer : 49% public sector basis – reflecting the risk profile of the development and to encourage efficient and effective delivery. Any sums then received by the Council (for the public sector) would then be divided across the requirements for the GSRR, Affordable Housing and Education. Any surplus created as a result of public subsidy or investment (such as HIF) would not be subject to the 51:49 split, as these funds are required to be recycled – which could include Affordable Housing. There would also be an appropriate mechanism to allow any surplus contingent sums (beyond those identified in the Heads of Terms) to be directed towards additional affordable housing up-until policy compliance is achieved.
- 5.49 Both the Council's retained viability specialist and retained Legal advisors for this project are supportive of the approach to overage and review mechanisms, and these arrangements would be accounted for within any planning obligation. There is an appropriate justification within the development plan and national planning policy and

guidance for the use of, and reliance upon review mechanisms to 'catch' any added values and contingent sums and that these are appropriate for a scheme of this size and projected timeline. Officers, GVA and Mills & Reeve are all aware of various real-world examples of review mechanisms which have been used on large-schemes, and there are therefore successful examples, which the end mechanism would reflect where appropriate – for example on matters such as format, information requirements (e.g. 'comparables'), index-linking, inflation etc. There would also be appropriate clauses to ensure that the reasonable costs of the reviews are met by the developers. Officers advise therefore that subject to an appropriate mechanism being defined within the planning obligation, this approach can therefore be afforded material, positive weight within the determination of the application.

- 5.50 With regard to both the nature and extent of the contributions required, and the general approach to securing the required sums (based on the above), Officers consider that these would be acceptable and would be in accordance with all relevant tests. Furthermore, the review mechanism approach would allow the potential for the scheme to become more in compliance with policy over the lifetime of the project. It is considered that the package presented would meet all of the relevant CIL Regulation 122 tests.
- 5.51 It is therefore recommended that subject to the satisfactory conclusion of a relevant planning obligation, based upon the approach set out within the Heads of Terms (Appendix 4) the proposals would provide mitigation for the impacts of the development and to be policy compliant (Policies SP1, H1, SP3 and H3, the South Kesteven Planning Obligations SPD), as well as being compliant with the statutory tests of CIL Regulation 122, the NPPF and NPPG regarding the use of planning obligations. This would therefore weigh in favour of the proposal and the granting of planning permission.

Other Scheme Benefits

- 5.52 The development proposed is a strategically important one, which has the potential to deliver a significant proportion of the District's overall housing supply both in the short and longer term. It therefore plays an important role in ensuring the Council has a 5 Year Supply of Housing Land (5YHLS) as required by the NPPF whilst also ensuring that the Council can achieve its Housing Delivery Test requirements, and this is reinforced by the emerging policies of the new Local Plan which seek to allocate the site. Moreover, the draft Local Plan sees the potential of the site to deliver a significant increase in the number of homes available within the Grantham area, thus enabling the needs of the area to be met whilst indirectly encouraging further local economic investment and growth. The scheme therefore supports strategic growth objectives.
- 5.53 The scheme would directly and in-directly contribute towards and support the delivery of the Grantham Southern Relief Road. This road sets the ideal framework for the comprehensive development of this site. It is also integral to unlocking other sites within the Grantham area, as well as alleviating some of the existing traffic problems which occur within the town. The scheme forms an integral part of the HIF bid, which if successful would help unlock the wider strategic infrastructure provision, and also forms part of ongoing discussions with other organisations such as Homes England with regard to increased housing delivery within the District. The scheme would also include opportunities for the release of employment land, job creation, and would contribute to the economy.
- 5.54 In total, the scheme would secure £27.8m of contributions, which could rise to circa £73m subject to the overage arrangements. Other in-direct benefits including the potential New Homes Bonus (a 'local finance consideration') from the delivery of new residential units can be afforded material weight in the determination of the proposals, alongside other general considerations such as the growth in the council tax base and general population within Grantham which would aid in supporting inward investment and continued support of existing services.

- 5.55 Environmentally, the scheme would not result in any likely significant adverse environmental effects and would make positive contributions through a number of objectives, most notably through the creation of new habitat and provision of new open-spaces, an integrated landscape approach within the development, as well as improved connectivity and accessibility including the improvement of the river side area around the River Witham corridor. There will be an integrated landscape approach within the development.
- 5.56 To that end, it is considered that there are a variety of significant social, environmental and economic benefits resulting from the proposal which form three important elements of sustainable development, as advocated by the NPPF, and are given weight within the overall planning balance.

Garden Village Principles

- 5.57 The application has been prepared as a Sustainable Urban Extension (SUE), in line with the established planning policy context set by the Core Strategy and the associated SPD. As per the previous report to Committee, Members resolved that in principle the proposals were acceptable, as the scheme as an SUE would be in accordance with the relevant policies of the development plan.
- 5.58 With regard to the site now having been designated as a Garden Village, the previous report identified that:
“...since the application was submitted, the site has been identified as one of 14 Garden Villages to be constructed in England. The Design and Access Statement (DAS) describes how the vision for the development embraces similar ideals to those of the Garden Cities and Garden Suburbs approach to delivering successful and sustainable places, including a strong ‘green’ character and a distinctive and accessible framework of woodland, trees, open spaces and landscape corridors. It contains a number of Key Design Principles which will guide the production of Site Wide Strategies and Key Phase Design Codes that will ensure the development is developed to a high design standard.”
- 5.59 The applicants have advised that they remain committed to working in partnership with the Council and other stakeholders to deliver the Garden Village for the benefit of Grantham and the District. However, they do not wish to see this result in further delays to this project. As part of the actions since the item was reported to Committee in July 2017, the Council and applicants have engaged with specialist consultants (HYAS) who have undertaken actions (including a workshop, and review of potential conditions/S106 obligations) to see how this can be best achieved. It is envisaged that following any grant of permission there would be a next layer of design work which would be at a more detailed scale which would establish the overall ‘vision’ for the site.
- 5.60 Whilst the scheme as presented to date has been worked up in close alignment with the SPD, it is considered that it is possible that the scheme would overlap with a number of the Garden Village principles, and therefore it is possible that through the proposed conditions and S106 there would be the ability to evolve the development to a Garden Village.
- 5.61 There is no set vision, or template for a garden settlement, although there are generally accepted principles. Each of the modern garden settlements proposed is different, responding to the needs, context or requirements of the place in which they would be located. The consistent theme however is the creation of an exemplar, sustainable new settlement, which draws from the Garden City principles.
- 5.62 The Government has recently reaffirmed its commitments to Garden City principles (as defined by the Town and Country Planning Association) within paragraph 72 (c) of the National Planning Policy Framework as part of its aim to improve design quality. These

aims are set out in the table below, with reference given as to what mechanisms would be in place to enable the scheme to meet these objectives:

TCPA GV Principle	How it would be dealt with at Spitalgate
Land value capture for the benefit of the community.	Through the S106 agreement which would secure contributions required, and review mechanisms for contingent sums.
Strong vision, leadership and community engagement.	<p>The 'strong vision' would be developed as the next stage of design work, as required by the conditions.</p> <p>The 'leadership and community engagement' would be embedded through management objectives within the S106, and also through design engagement exercises (such as design charrettes) in the development of the vision.</p>
Community ownership of land and long-term stewardship of assets.	Community stewardship would flow from the embedded management objectives within the S106. In addition, the site includes provision of a community centre and local centre which would deliver opportunities for community ownership. The Public Open Space would also be transferred to the Council, which could then be managed, or transferred to an alternative organisation such as a trust or parish council or community group.
Mixed-tenure homes and housing types that are genuinely affordable.	<p>This would be secured through the development itself (as set out in the ES) and the obligations in conditions and the S106.</p> <p>The scheme has the potential to deliver a significant number of homes, of a variety of sizes, and tenures which would be able to reflect changing needs and demands over the life-time of the development.</p>
A wide range of local jobs in the Garden Village within easy commuting distance of homes.	<p>The development includes area for land-use for creation of jobs within the site and provides connections to the remainder of the town. The development itself would therefore meet this objective. This can be reinforced within the 'strong vision'.</p> <p>The provision of a significant level of growth and provision of new homes would make the site and Grantham generally more attractive to new investment and growth, including creation of new businesses.</p>
Beautifully and imaginatively designed homes with gardens, combining the best of town and country to create healthy communities, and including opportunities to grow food.	<p>The emphasis of Spitalgate Heath as a place will be informed by the work undertaken to date through the ES and the key principles within the DAS. The conditions as refined with HYAS would enable this objective to be achieved.</p> <p>This objective would link to the 'strong vision' which be developed as the next stage of design work, as required by the conditions.</p>
Development that enhances the natural environment, providing a comprehensive green infrastructure	The emphasis of Spitalgate Heath as a place will be informed by the work undertaken to date through the ES and the key principles within the DAS.

TCPA GV Principle	How it would be dealt with at Spitalgate
network and low carbon and energy-positive technology to ensure climate resilience.	This objective would link to the 'strong vision' which be developed as the next stage of design work, as required by the conditions.
Strong cultural, recreational and shopping facilities in walkable, vibrant, sociable neighbourhoods.	The development includes area for land-uses to achieve these objectives. Detailed work on ensuring that these requirements are met would be undertaken as part of the next stage of design work, informed by the work undertaken the ES and the key principles within the DAS. The mechanisms for this fall within the conditions.
Integrated and accessible transport systems, with walking, cycling and public transport designed to be the most attractive forms of local transport.	The development itself includes opportunities to achieve these objectives. Detailed work on ensuring that these requirements are met would be undertaken as part of the next stage of design work, informed by the work undertaken the ES and the key principles within the DAS. The mechanisms for this fall within the conditions.

5.63 Having undertaken analysis in relation to how the objectives of the application (as an SUE) and how the objectives of garden settlements inter-relate, it is considered that it is readily possible through the conditions and S106 that the proposals would achieve many of the garden settlement principles. These mechanisms would also allow sufficient flexibility to enable further detailed design work and review in order that the development would be of an exemplar design quality and would align more fully with the vision for the site as a garden village. This position is reinforced by the views of HYAS, and who have helped shape and inform the design-related conditions based on examples from other large scale SUEs and Garden Village proposals.

5.64 The conditions proposed have been developed to reflect adopted approaches and would form a design-cascade based on a tiered approach. This is summarised below:

Tier 1	These are mandatory elements which provide the overarching elements of the permission such as the time limit and parameters.
Tier 2	These are the site-wide framework and delivery strategy which are based on the development parameters but provide the more detailed vision for the site. Tier 2 must comply with tier 1. These must be agreed before detailed work can be undertaken to develop proposals within any phase
Tier 3	These are the Phase-wide or Phase-specific strategies, briefs and codes – such as Residential Design Codes. These will guide Reserved Matters submissions within those phases of the development. These must comply with Tier 1 and 2 and provide the detailed framework for further submissions. These must be agreed before work can commence in a particular phase
Tier 4	These represent Reserved Matters submissions for particular sites within each phase. Tier 4 submissions must comply with tiers 1-3 and any conditions under tier 5. A compliance condition under tier 1 would require a compliance statement to be provided with each Reserved Matters application.

Tier 5	These are the technical or issue specific conditions. These also include directional requirements and are necessary to satisfy consultees. Tier 5 conditions do not have to follow chronologically and could be relevant to any of the above tiers.
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- 5.65 It is therefore envisaged that following the grant of outline planning permission, there would be a next level of design work which would inform the strategic design frameworks for the site. This is anticipated to take between 12-15 months to work-up and agree. This would then establish the ‘vision’ for the site and would in turn influence the phase-specific elements and the Reserved Matters for each part of the site.
- 5.66 It is considered that this approach is appropriate given the scale of the project and the aspirations to achieve a great place to live and work which would achieve garden settlement principles. The approach identified above would be suitable for this outline application, as it enables the work undertaken to date to be taken forward, but also allows sufficient flexibility for it to be refined to create the ‘strong vision’ required for the place. Further it allows an appropriate level of flexibility over-time enabling the development to respond to changes such as market conditions, build techniques and new technologies, which may occur over the life-time of the development.
- 5.67 It is important to acknowledge the requirements of policy GR3-H1 which seeks to embed the Garden Village principles within the emerging policy relating to the site as an allocation within the new Local Plan. As this policy can be afforded increased weight at this stage, its future direction can be recognised, and this reinforces the need to have in place appropriate mechanisms (as recommended by the conditions and S106 obligations) to enable these policy objectives to be met in future.
- 5.68 To this end, the mechanisms proposed and as discussed with the applicants, are required to make the development acceptable in planning terms and ensure that the proposals are reflective of the current planning policy context as well as that of emerging policy within the new Local Plan. It is therefore considered that there is a lawful basis for the inclusion of those measures, which is also supported by the NPPF.

Draft Conditions

- 5.69 Within the 2017 report a series of high-level, draft conditions were presented. These were based upon the information that has been presented within the application, the responses from consultees, and were informed by discussions with the applicant at that time. Members will recall that the conditions outlined the broad theme of the matter to be considered by each condition and draft wording, along with an indication of why the condition was required. It was identified at that time, that the final list of conditions would be brought back to the Committee for approval.
- 5.70 Since the Committee’s 2017 resolution, Officers have continued to work with HYAS and others (as explained earlier in this report) to develop conditions which would be of merit for inclusion within this decision. Officers have continued to engage with Mills & Reeve (retained legal advisors) to utilise their experience of conditions on similar projects and to ensure that the conditions as proposed would be lawful and meet the necessary tests. This has seen changes to the conditions from the previous report, including consolidation of requirements where possible in order to avoid duplication.
- 5.71 An updated set of conditions are presented as Appendix 5. The conditions as worded have been developed in order to ensure that they meet the requisite ‘tests’ as set out within the NPPF, PPG and planning law. However, appropriate flexibility has also been incorporated into the wording of the conditions to enable certain elements of the scheme to come forward and also to prevent the conditions from becoming a barrier to development delivery. Both aspects of this are of equal importance in relation to the objectives of the Council and the

Government to support the efficient and effective delivery of high-quality housing developments.

- 5.72 There are matters which are required to be fixed, for example by virtue of the requirements of the Environmental Impact Assessment (EIA) regulations, in order to ensure that any subsequent development on the site is undertaken in accordance with the assessments that have been undertaken and any subsequent mitigation that is required. Where necessary, the objectives of the conditions reflect these requirements. Similarly, as appropriate the conditions have been designed so as to meet the requirements of statutory and technical consultees.
- 5.73 The place-making conditions reflect the advice received from HYAS and reflect the transitioning of the scheme from an SUE to a Garden Village as referred to in the previous section of this report.
- 5.74 Furthermore, the conditions have been shared and discussed with the applicants; this is in line with more recent changes in planning legislation to align with the spirit of proactive working and to prevent un-necessary barriers to delivery. It is considered that as a matter of general principle the conditions as recommended would meet the relevant tests, are necessary to make the development acceptable in planning terms, and to ensure that relevant policy objectives of the development plan are achieved. Officers do however request that Members grant Delegated Authority to enable the precise wording and framing of conditions to be refined by Officers in consultation with the Chairman and Vice-Chairman over the coming months alongside the work on the S106 obligation. Subject to an appropriate set of conditions being achieved, the recommendation would be to grant approval for the development.

Planning Balance

- 5.75 Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires that planning applications should be determined in accordance with the development plan unless material considerations indicate otherwise. This evaluation is effectively termed the 'planning balance'.
- 5.76 Officers presented the planning balance within section 14.0 (Conclusion) of the July 2017 report, within which it was concluded that having evaluated all matters and and subject to the satisfactory resolution of planning conditions and the S106 obligation, the development is considered to be a sustainable form of development which is appropriate for its context and that it is in accordance with Policies EN1 (except landscape and heritage criteria), EN2, SP1, H1, H2B, H3, SP3 and SP4 of the South Kesteven Core Strategy and the NPPF (Sections 4, 6, 7, 8, 10, 11 and 12).
- 5.77 To that end, it is not proposed to re-present the overall balance that was put forward previously, but to advise that Officers continue to support the outcome of that balance which was undertaken previously, and which concluded that the development is considered to be a sustainable form of development. The matters contained within this report and discussed above supplement that earlier position. There have been no changes in planning policy which would warrant a different conclusion being reached.
- 5.78 Through the use of a planning obligation, it is possible for the development to be made acceptable in planning terms and to accord with the relevant objectives of the development plan. The scheme would include for appropriate contributions to mitigate the impact of the development and to align with required planning policy objectives, whilst also including for review mechanisms which would enable the viability of the project to be considered over the life-time of the development and which has the potential to allow for the scheme to

deliver increased levels of contributions towards policy objectives (such as Affordable Housing) over the longer-term.

- 5.79 In addition, though the use of planning conditions, it is possible to ensure appropriate mechanisms are in place to secure a high quality, and sustainable form of development which aligns with the objectives of current planning policy, whilst also allowing the ability for the site to conform with emerging policy requirements relating to the delivery of the site as a garden settlement, and to meet the objectives of the NPPF of securing high-quality housing delivery.
- 5.80 The proposals would be acceptable in relation to the environmental effects of the scheme, and would also present significant social and economic benefits, most notably through the provision of housing. This is a significant site in terms of contributing towards the level of housing within the Grantham area and the wider District objectives relating to housing distribution, delivery and growth, and this is afforded significant positive weight in favour of the scheme. Furthermore, the delivery of this site would contribute towards the delivery of the GSRR and other infrastructure and as a result would have the potential for positive indirect effects relating to further investment and growth within Grantham and the District as a whole. It would therefore align with the objectives of the NPPF which seeks to proactively support sustainable development, growth and additional housing delivery.
- 5.81 The development is in accordance with the development plan (when taken as a whole) and it is not considered, having carried out the planning balancing exercise, that there are any material considerations which indicate otherwise than a grant of planning permission. The inclusion of suitable planning conditions, and planning obligations would ensure that the development is acceptable in planning terms. Moreover, the development would have wider benefits including new housing, new expenditure in the town, new customers for the existing shops and services, the creation of new places where people can live, work, be educated and enjoy recreation, and importantly facilitating and supporting the delivery of the GSRR. As such it is concluded that for the reasons set out in this report (inclusive of the appendices) the scheme would be acceptable and is recommended for conditional planning permission, with any permission being subject to the satisfactory completion of a relevant planning obligation.
- 5.82 In reaching this conclusion Officers have also had regard to the requirements of the Equalities Act 2010.

6.0 Crime and Disorder

- 6.1 It is considered that the proposal would not result in any significant crime and disorder implications.

7.0 Human Rights Implications

- 7.1 Articles 6 (Rights to fair decision making) and Article 8 (Right to private family life and home) of the Human Rights Act have been considered in making this recommendation. It is considered that no relevant Article of that act will be breached.

8.0 Recommendation

- 8.1 Defer to the Chairman or Vice-Chairman, in consultation with the Head of Development Management and Assistant Director for Growth, for approval of the application subject to:
1. The provision of a S106 planning obligation in accordance with the requirements set out within this report
 2. Final approval of the conditions

- 8.2 In the event that the S106 planning obligation has not been completed within a six month period and where, in the opinion of the Head of Development Management, there are no extenuating circumstances which would justify a further extension of time, the related planning application shall be refused planning permission for appropriate reason(s) on the basis that the necessary criteria essential to make what would otherwise be unacceptable development acceptable have not been forthcoming.

9.0 Planning Conditions & Informative Notes

- 9.1 The planning conditions and informative notes are set out in Appendix 5.