

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Suffolk Business Park/Eastern Relief Road, Bury St Edmunds: Update	
Report No:	CAB/SE/15/041	
Report to and date:	Cabinet	23 June 2015
Portfolio holder:	Cllr John Griffiths Leader of the Council Tel: 01284 757001 Email: john.griffiths@stedsbcc.gov.uk	
Lead officer:	Steven Wood Head of Planning and Growth Tel: 01284 757306 Email: steven.wood@westsuffolk.gov.uk	
Purpose of report:	To provide an update with regard to the Suffolk Business Park/Eastern Relief Road project since the last reports (Papers COU/SE/15/015 and COU/SE/15/016 refer) dated 25 March 2015 presented to Council. To clarify the reference to the planning permission for the Eastern Relief Road quoted in previous reports.	
Recommendations:	Cabinet is asked to <u>NOTE</u> the contents of Report No: CAB/SE/15/041.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> Report is for information only.	
Consultation:	The development of the Eastern Relief Road and Suffolk Business Park is a long established policy of St Edmundsbury Borough Council (SEBC). Most recently the Vision 2031 documents confirm the allocation of the residential, commercial and leisure/community uses along with the Eastern Relief Road (ERR) and junction 45 of the A14 Trunk Road upgrade. In June 2010 the Masterplan for the extension to	

	<p>Suffolk Business Park was adopted following the due consultation phase.</p> <p>A series of meetings have also been held with Rougham Parish Council; Moreton Hall Residents' Association; and local business representative organisations.</p>		
Alternative option(s):	<p>Not to develop the Suffolk Business Park or Eastern Relief Road would adversely affect the supply of residential and commercial premises for Bury St Edmunds and would jeopardise the proper planning of the town.</p>		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As detailed in the report		
Are there any staffing implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Time and resources of existing staff to enable the project to progress		
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •		
Are there any legal and/or policy implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As detailed in previous reports.		
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The CPO fails to be confirmed by the Secretary of State	Medium	Instruct expert consultants and follow due process	Low
Recovery of CPO costs	Medium	Legal agreement	Low
Time taken to confirm the CPO affects the delivery of the road	High	Consultants advice and LEP support. SCC to procure the ERR in two phases.	Low
If the land is not acquired and the ERR cannot be secured, the area will be vulnerable to requests for ad hoc developments which will reduce the chances of a road being funded and additional development requests for other parts of the district.	High	Agree the CPO process to purchase the said land	Medium
Taylor Wimpey is unable to provide its £1.4m contribution towards the electricity infrastructure works.	Medium	Include security for the loan in the legal agreement to enable the funding to be recovered anyway.	Low

The costs increase throughout the programme or costs exceed the estimates	Low	Fix the prices in the legal agreement with the electricity provider.	Low
The commercial lets do not come forward within the timescale to repay the electricity infrastructure loan	Medium	Engage a commercial developer to promote the land.	Low
Ward(s) affected:	All Wards		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Reports COU/SE/15/015 and COU/SE/15/016 to Council: 25 March 2015. Report CAB/SE/15/021 to Cabinet: 24 March 2015. Reports CAB/SE/15/016 and CAB/SE/15/017 to Cabinet and Council: 24 February 2015. Report F97 to Cabinet: 2 September 2014. Report F120 to Council: 23 September 2014. Suffolk Business Park Masterplan dated June 2010.		
Documents attached:	None		

Key issues and reasons for recommendation(s)

1. Background

- 1.1 Suffolk Business Park is a 68 hectare strategic site to the east of Bury St Edmunds (edge of Moreton Hall and partially in the Parish of Rougham) allocated for employment use. In addition there are allocations in the local plan for 500 homes and a secondary school incorporating leisure and community uses.
- 1.2 The delivery of the commercial, residential, educational and leisure/community uses are dependent on the Eastern Relief Road (ERR) and the improvement of junction 45 of the A14 Trunk Road.
- 1.3 The extension to Suffolk Business Park for commercial use was first allocated in the Replacement St Edmundsbury Borough Local Plan in 1998. This allocation has been confirmed through the adoption of the Core Strategy and most recently in the Bury St Edmunds Vision 2031 documents.
- 1.4 The £15 million cost of the ERR has been allocated from New Anglia Local Enterprise Partnership; Suffolk County Council and SEBC. The contract for the construction of the ERR will be let this summer by Suffolk County Council.
- 1.5 Negotiations between the land owning parties have been continuing since 2006 and have yet to reach agreement. It is considered that the need to provide employment land in Bury St Edmunds is now becoming urgent and the need to deliver the wider opportunities set out in the Vision 2031 documents is increasingly pressing. It is for these reasons that it is considered that there is a compelling case in the public interest for the making of a Compulsory Purchase Order (CPO) so that delivery of the Eastern Relief Road and all the benefits that it will bring, may be secured.
- 1.6 On 25 March 2015, Council approved the use of the Council's compulsory purchase powers in relation to the land shown on the drawing (Appendix 1) presented with the report, subject to appropriate attempts to explore options with the landowner which would resolve the matter without the need for the Council to invoke its CPO powers.
- 1.7 CPO powers would only be invoked in full if the negotiations with land owners failed or were not concluded.

2. Negotiations

- 2.1 Prior to the involvement of the Council, Taylor Wimpey and Churchmanor had been meeting regularly to agree a Joint Venture which would be based upon all the landowners contributing the necessary land for development on Suffolk Business Park. This agreement has not been signed and is currently not being progressed.
- 2.2 The Council had been holding meetings with Taylor Wimpey and Churchmanor for some time both individually and together. These meetings and in particular the meeting held on 24 October 2014, have set out the

issues that need to be resolved to enable the development to proceed. Subsequent discussions and the submission of a heads of terms document from Churchmanor have, at this point in time, not resulted in a satisfactory resolution to provide the Council with any confidence that the site assembly will happen without the Council using its CPO powers.

- 2.3 Government guidance asks Councils to make best endeavours to resolve these matters by negotiation so as to avoid the use of statutory powers. To this end, the Head of Planning and Growth informed both Churchmanor Estates Company Ltd (as agent for the landowner) and Sir George Agnew, Rougham Estates (the present owners of part of the land in question) and Taylor Wimpey (the present owners of part of the land in question) in writing that the Council had passed a resolution to, in principle, use its CPO powers to facilitate the sustainable urban extension known as Suffolk Business Park/Eastern Relief Road. The letter invited both parties to resolve the issue of land assembly without the need for the Council to invoke its CPO powers.
- 2.4 Since Council published its intention to consider the use of CPO powers there has been a change in attitude from Churchmanor. It is considered that showing a clear intention to use the CPO process has acted as a catalyst for a more positive dialogue with partners. In addition, after several invitations from SEBC, Rougham Estates have agreed to come in to meet with Officers.
- 2.5 It is the intention that these negotiations will continue with the hope that the parties will reach agreement without resorting to the use of CPO powers. It is important however, that the CPO process should continue in parallel so that the powers will be in place, should the need arise.

3. Planning matters

- 3.1 Suffolk Business Park is an allocated site in the St Edmundsbury Core Strategy (adopted 2010) and the Bury St Edmunds Vision 2031 (adopted 2014). The site also benefits from a Masterplan (adopted 2010) which sets out the broad parameters of how the site should come forward. Planning permission for the precise alignment of the Eastern Relief Road was granted on 8 August 2014 (Planning reference number DC/14/0328/FUL). Please note that there was a previous consent for the Eastern Relief Road granted in February 2014 for a slightly different alignment. The alignment that is being progressed (and which is the subject of the CPO) is that which was granted planning permission on 8 August 2014 and not as described in the previous reports to Cabinet and Council on 24 February, 24 March and 25 March 2015.

4. Electricity Infrastructure Funding

- 4.1 At the full Council meeting on the 25 March 2015, SEBC included a total of £4,528,871 in its capital programme to enable electricity infrastructure to be provided to serve the developments (Report CAB/SE/15/021 refers).
- 4.2 The electricity will be provided to the developments in two phases. Initially 7MVA of electricity will be available via a temporary substation. This electricity will be sufficient to serve the school, residential, ERR and first businesses on the business park. The cost of these initial works is £1.5m. The second phase

of infrastructure works will be required in the future to provide the remaining 18MVA of power via a new primary substation.

- 4.3 The electricity infrastructure works will be commissioned by Taylor Wimpey and therefore a loan agreement is being prepared between SEBC and Taylor Wimpey for the first phase of works. Due diligence is being undertaken to the satisfaction of the Section 151 Officer and the Monitoring Officer prior to the loan being signed.
- 4.4 It is proposed that the £4,528,871 funding would be repaid firstly from the contribution from Taylor Wimpey (£1.4m) and then the remainder either from the commercial lets as they come forward for Suffolk Business Park or by the commercial developer who will be appointed to bring the land forward. Traditionally, such a commercial developer would raise finance for the upfront costs associated with providing services to the site; this includes the internal access road, utilities etc.

5. Finance/Budget/Resource Implications

- 5.1 The loan agreement between SEBC and Taylor Wimpey will clearly detail (inter alia) the nature of the security for the loan; the instalment dates/triggers for paying the loan; interest costs and the repayment schedule.
- 5.2 Costs associated with making the CPO fall into two general categories, costs incurred during the process of making the Order and then costs relating to the promotion of the CPO, including acquisition of the land should the order be invoked.

Costs incurred during the process of making the CPO

- 5.3 Council Report CAB/SE/15/017 – 24 February 2015 approved a £150,000 budget for the project which included the costs associated with making this Order. The Council is in the process of agreeing a mechanism for the costs associated with making the order to be recovered.

Costs relating to the promotion of the CPO

- 5.4 The Council must have access to the necessary resources to meet the costs of the promotion of the CPO, including land acquisition and planning blight costs. However it will fall to developers to meet all costs associated with the redevelopment of the site.
- 5.5 There are options for covering the costs of the acquisition which include agreeing a back to back arrangement with a commercial developer. Alternatively, it is possible for the Council to enter into an indemnity agreement with a developer to ensure that the Council isn't liable for the acquisition costs.
- 5.6 To assist with understanding the magnitude of the acquisition costs, officers commissioned Lambert Smith Hampton to provide a valuation in line with the Compensation Code. The s151 Officer and Monitoring Officer will need to be satisfied that the Council has a mechanism in place to recover costs associated with acquisition prior to the process being started. The CPO will not be invoked unless it is clear how the acquisition/compensation payments will be met.