

Report of the Director of City Development

Report to Executive Board

Date: 26 June 2019

Subject: Delivering the East of Otley Relief Road and Housing Allocation

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Otley & Yeadon	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The land at the East of Otley is a major site that has been allocated for mixed uses (residential and employment development) since the adoption of the 2006 Unitary Development Plan. The allocation is saved and identified in the Site Allocation Plan (SAP) as contributing to the important role in delivering new housing and jobs.
2. The site presents a significant opportunity to deliver a high quality mixed use and sustainable extension of Otley and in so doing make a major contribution to the delivery of the city's Core Strategy and the Leeds Inclusive Growth Strategy. The development of the site requires a new East of Otley Relief Road (EORR) to service the development and for the wider benefit of relieving traffic congestion, improving the environment of Otley town centre and helping to grow the local economy as a whole. It will entail the delivery of the following development outcomes:
 - 550 dwellings
 - EORR
 - A new primary school
 - 5 hectares of employment land
 - Public Open Space

- Provision of local community facilities, which would include the relocation and provision of the Sports Pitches affected by the scheme.

Though not a planning policy requirement the development also represents an opportunity to deliver much needed accommodation for older people.

3. The site is in multiple ownerships with complex commercial, legal, land and planning challenges. A key priority is the delivery of the EORR to unlock development through the provision of a major new access road and to achieve the wider environmental, social and economic benefits this would bring for Otley. Due to significant level differences, and unstable ground conditions, the EORR will be a highly technical, and challenging engineering project with costs significantly exceeding that of a standard road requiring collaboration and motivation of all the landowners across the site. To date this has prevented meaningful progression of the site's development.
4. In January 2018, the Council was informed it had been successful in securing a significant grant of £6.3m through the government's Housing Infrastructure Fund (HIF) to contribute a large part of the costs for the design, planning and delivery of the EORR, subject to contract. The anticipated availability of the grant has had a galvanising effect on all the landowners and enabled the establishment of a collaborative and proactive approach to delivery of the infrastructure and development of the site, led by the Council.
5. In November 2018, the Council received a conditional funding offer from Homes England (HE), which included a requirement that the Council accept an obligation to recover the full amount of the HIF grant funding from developers of the East of Otley site upon completion of the scheme, to be reused to support other residential development schemes in the city. Other notable conditions included the strict timescales attached to the spending of the HIF grant by March 2021, and achievement of all the relevant planning policy objectives for the site.
6. These conditions pose some challenges to taking the planning and development of the site forward in the way that had originally been anticipated upon the provisional grant funding notification, notably due to the change in the way the grant needs to be treated, which will have a less favourable impact on the overall viability of the scheme. Further discussion with HE has identified the opportunity for the Council to enter into a conditional funding agreement prior to fully identifying a solution to these challenges, thereby establishing the Otley scheme as a funding commitment in the national HIF programme.
7. The Council is continuing to co-ordinate all interested parties towards further progress in addressing the issues associated with the grant conditions and it was agreed by the Director of City Development that a collaborative exercise be undertaken with all stakeholders to establish clear development principles in a Development Brief and work towards a masterplan for the site to inform planning applications coming forward. In addition to co-ordinating this planning approach a crucial role for the Council will be in taking a lead role on the delivery of EORR as a significant public infrastructure project and ensuring it is fully funded.

8. As an owner of land within the allocated site, Executive Board has previously agreed that the Council should dispose of its interests to adjoining land owner Persimmon Homes on a one-to-one basis, subject to receiving best consideration. The detailed terms for this disposal will need to reflect changes in the situation over the last year including the grant funding that will enable the Council to lead on delivery of the EORR; the acquisition of other multiple land interests in the site by a further housebuilder; and the need to formalise collaboration arrangements across all land owners.

Recommendations

Executive Board is asked to:

- i) Note the positive progress made and reconfirm the Council's commitment to bringing forward the East of Otley mixed use site;
- ii) Note the approval by the Director of City Development, that the Council enter into a funding agreement with Homes England for a Housing Infrastructure Fund grant of £6.318m, on the basis set out at paragraph 3.1.10, and that the approved injection of this sum into the Capital Programme along with contractual arrangements of the funding will be the responsibility of the Head of Regeneration;
- iii) Agree that the Council takes a leading role on the delivery of the East of Otley Relief Road project, and that the Chief Highways & Transportation Officer, in consultation with the Executive Member for Climate Change, Transport and Sustainability undertakes the actions set out at paragraphs 3.2.7 and 3.2.8, to enable its delivery;
- iv) Approve the principal of the Council making a financial contribution to the East of Otley Relief Road and note the contingent delivery risks as outlined in paragraph 3.3.5
- v) Approve the revised heads of terms relating to the disposal of the Council's land within the East of Otley allocation and that the Council enters into an Agreement with developers to facilitate the delivery of the East of Otley Relief Road project, as set out at paragraph 3.3.7, and note that the Head of Land & Property will be responsible for agreeing the detailed terms of the disposal and the agreement;
- vi) Note the intention to undertake consultation on a Development Brief for the East of Otley site as set out at paragraph 3.5.1, approve that this includes the potential inclusion of Council-owned land at the former Ing's Tip and north of Cambridge Way, and note that the Head of Strategic Planning will be responsible for delivery of the brief.

1. Purpose of this Report

- 1.1 The purpose of this report is to update and inform Executive Board of the progress that has been made on bringing forward the East of Otley development since the report of September 2017 and to request approval to a number of matters that will formalise the Council's role in this work and enable critical infrastructure and planning activities to move forward.

2. Background

- 2.1 The 30ha East of Otley site is a major mixed use site allocated in the adopted Leeds 2006 UDP Review (site reference H3-3A.30) / E4 (20)) alongside a new relief road (T20 (3)), saved and carried forward as an identified site in the SAP in the Outer North West Housing Market Characteristic Area (HMCA). The SAP, which is anticipated to be adopted Summer 2019, introduces a requirement for a school to be delivered on the site, in addition to the existing UDP policy requirements. There have been no main modifications (changes that the Inspector considers necessary to make the Plan sound) proposed in regard to the site and so it can continue to be an important site for the delivery of the school.
- 2.2 It should be noted also that the preparation of a Neighbourhood Plan is well underway in Otley and the delivery of the East of Otley site and the UDP policy requirements are reflected in the plan.
- 2.3 The delivery of the site and associated infrastructure as set out in planning policy requirements, will bring a number of economic, social and environmental benefits for Otley. Development proposals will come forward reflecting the updated policy framework provided by the Core Strategy Selective Review, which in particular has introduced new requirements for residential and employment development to meet higher energy efficiency standards, tighter water consumption standards alongside provision of electric vehicle charging points and the potential to design in renewable energy generation.
- 2.4 The site allocation is shown within the blue line boundary of Appendix 1.
- 2.5 The site has an indicative capacity of 550 new homes, 35% of which are required as Affordable Housing. It will require development of 5ha of employment land, provision for a new primary school and green space. An integral component of the allocation is the delivery of the East of Otley Relief Road (EORR), within an agreed phased timescale and within 5 years of commencement of the housing development. This would not only serve the allocated site but would bring wider benefits to Otley as a whole by relieving the impacts of through traffic that currently passes through Kirkgate in Otley Town Centre and the Dyneley Arms crossroads, which contributes to congestion and associated negative environmental and amenity impacts for residents, businesses and visitors . The delivery of EORR is a major highway scheme forming part of the strategic highway network and is supported by UDP Review (2006) Policy T20 (3).
- 2.6 Notwithstanding these benefits, the site presents a number of challenges. The development of the full site will require a co-ordinated approach across multiple land owners, land assembly for the delivery of the essential road infrastructure

and commitment of significant costs in the delivery of the EORR, which will need to be a new construction located to the east of the site of approximately 1.4km in length linking from the A659/Pool Road north of the site to the A660 Leeds Road, to the South West. The delivery of EORR is a major undertaking and ground conditions will be a particular issue due to geological conditions and the land slip of Otley Chevin with associated land stability issues which will be a significant abnormal cost that will impact on delivery.

- 2.7 These challenges have to date prevented the site coming forward as a viable, coherent and properly planned proposition for development that would unlock the benefits locally.

3. Main Issues

3.1 Housing Infrastructure Fund Grant

- 3.1.1 The government's Housing Infrastructure Fund (Marginal Viability) (HIF) was established in 2017 to provide funding of site or infrastructure interventions across the country that would enable the acceleration of housing delivery on sites that are currently stalled or requiring significant barriers to be removed.
- 3.1.2 As reported to Executive Board in September 2017, the Council submitted a £6.318m bid to the HIF as a potential contribution to meeting the funding gap associated with abnormal costs in the construction of the East of Otley Relief Road and to unlock and accelerate progress with the site coming forward for housing. In January 2018, the Council was informed by government that the East of Otley scheme submission had been successful in national competition to receive the requested amount of funding, subject to a final due diligence process and contract.
- 3.1.3 Over the course of 2018, Homes England, the Government's executive agency for housing delivery, undertook a process of clarification with the Council and the main developer interest in the site at the time, Persimmon Homes, to establish further technical and financial details of the scheme and to enable progress towards a funding agreement.
- 3.1.4 The HIF bid and resulting grant offer of £6.318m was derived from a cost estimate based on preliminary work undertaken by consultants appointed by Persimmon Homes in 2016. This work was desk-top without the benefit of intrusive ground investigations, but represented the most robust estimate available at the time of the abnormal costs to be met in association with the EORR scheme. This informed and allowed for the submission of the funding bid in a short timescale. It is possible that the actual cost of the scheme will be in excess of this amount and as such any costs that cannot be met by the HIF grant and would need to be met from the value created through the development of the East of Otley site.
- 3.1.5 Despite this uncertainty on final scheme costs, the announcement of the HIF grant in January 2018, did have an accelerating effect on the scheme. A working party has been established by the Council and all landowners within the allocation, or their representatives, now meet on a regular basis to establish

a co-ordinated way of working and a joined up delivery of the allocated development site and planning requirements. There is a clear recognition of the need for a co-ordinated approach and as such a collaboration agreement has been drawn up by the council's legal advisors setting out the terms of how the scheme objectives will be met through working co-operatively and in good faith.

- 3.1.6 In November 2018, following completion of the due diligence process a grant determination agreement (GDA) was issued by HE to the Council. This included the requirement that the Council accepts an obligation to recover the full amount of the HIF grant funding from developers of the East of Otley site upon completion of the scheme to be reused to support other residential development schemes in the city. Other notable conditions included the strict timescales attached to the spending of the HIF grant by March 2021 (set out at Appendix 2).
- 3.1.7 The Council has held further discussion with HE to set out concerns in regard to the principle of grant recoverability, particularly as the original funding bid was on the basis of non-recoverable 'gap funding' to reflect the need to address viability issues at the site relating to the abnormal costs of the EORR. HE has stated the government's position in regard to HIF gap funding only being available where the land value within a scheme is not above its own assessment of benchmarks for market transactions and that in cases where land owners are seeking to transact above this benchmark figure, any grant would need to be recovered at a level to reflect this difference. Land has already been secured within the Otley site by developers at rates significantly above these benchmark figures and as such the funding cannot be considered on a gap basis, therefore the Council, must recover in full from developers (on a proportional basis) upon completion of the scheme.
- 3.1.8 As the grant agreement would be between HE and the Council, the financial risk that funds equivalent to the amount of the grant would not be available to be recovered at the completion of the development would sit with the Authority, unless the risk was passed on to the landowners and developers in some form of back-to back funding and delivery agreement. At this stage there is not enough detailed understanding about the development scope, costs and constraints, or the full costs of the EORR to enable any parties to the site to make any commitments on this basis.
- 3.1.9 It is understood that these challenges are not unique to the East of Otley scheme, with others across the country encountering the same issue.
- 3.1.10 Whilst these conditions pose some challenges to taking the planning and development of the site forward, HE has agreed that the Council can enter into a conditional funding agreement as an interim measure to allow the Council and other stakeholders to reach agreement on how these issues can be fully addressed, thereby establishing the Otley scheme as a funding commitment in the national programme. This offers a period of up to 6 months in which more detailed work can be undertaken to establish costs and values that will inform the scope for further solutions that may assist in moving to a position where the grant can be drawn down with minimal risk to the Council. Alongside this HE

has agreed that the period for draw down and spend of the grant can be extended by a year from its original deadline to March 2022.

3.1.11 In May 2019, the Director of City Development, approved through delegated authority that the Council enter into a funding agreement with HE for a Housing Infrastructure Fund grant of £6.318m, on the basis set out at paragraph 3.1.10, and approved injection of this sum into the Capital Programme;

3.1.12 The Council has discussed the terms of the HIF funding with the developers and is continuing to co-ordinate all interested parties towards further progress in addressing the grant conditions. It is now proposed that a collaborative exercise is undertaken with all stakeholders to set and agree clear development principles in a Development Brief and work towards a masterplan for the site to inform the more detailed understanding that is required, and to offer transparency and a basis for consultation on the nature of the development that may ultimately come forward.

3.2 The East of Otley Relief Road (EORR)

3.2.1 In view of the scale and complexity of the EORR as a project, its integral role in enabling the development to come forward, the fact it will be adopted as public infrastructure and that there is potential for a significant public grant that could be drawn down by the Council through HIF, it is now proposed that the Council takes the lead role in designing, procuring and delivering the scheme.

3.2.2 There are strong parallels with the East Leeds Orbital Road (ELOR) scheme, where the Council has successfully taken a major infrastructure scheme through feasibility, design, planning and funding processes, as an enabler of significant housing growth on a related allocated housing site, through a co-ordinated approach with landowners and housebuilders.

3.2.3 It is a model of working and project delivery that can be replicated for the East of Otley scheme, albeit with sensitivity to existing local circumstances and conditions, drawing on 'Green Streets' principles, delivering the road scheme as part of a multi-modal movement corridor, set within extensive landscaping and relating appropriately to the development and amenity of the new neighbourhood it will be designed to enable. In addition to the landscaping, noise attenuation measures will also be incorporated as part of the outline design process.

3.2.4 Non-motorised users (NMU's) will be accommodated within the design development, with the road having formal segregated pedestrian and cycle facilities, which will integrate with the new development. The continuity of existing routes and footpaths will also be maintained creating links from Otley and the proposed development site to the greenbelt land beyond. It is not anticipated that the road will have a direct requirement to accommodate a bus route but the relieving nature will benefit bus movements in the centre of Otley and contribute to reliability and attractiveness of services to the town.

- 3.2.5 The revised conditions of the HIF include that if drawn down, the grant is spent by March 2022, which requires the EORR project to be fast tracked towards the submission of a planning application and start on site to ensure the full benefits of the funding can be realised. The Council is uniquely positioned to lead on this work.
- 3.2.6 A number of important technical assessments have already been undertaken or commissioned by the landowners and have been shared with the Council in the spirit of collaboration and ensuring efficiencies. However in order to successfully draw down the funding to meet the acceleration aims of the HIF within the spend timescales, there is a need for the Council to quickly progress feasibility, outline design and further site appraisals to supplement this work to establish an alignment and preliminary design for the EORR. Such work will be critical to enable updating of the scheme cost estimates, which will inform the requirements of funding from developers and the specific legal agreements to be entered into so that the costs of the EORR can be fully recovered over the course of the development programme.
- 3.2.7 The Council has appointed WSP through existing Strategic Partner arrangements for highways services, to undertake the first stage of this work, under delegated authority from the Chief Highways and Transportation Officer. The commission has been made at risk in anticipation of the HIF grant award and provision has been made in the capital programme accordingly, to ensure the Council is well positioned to respond given the complex work to be taken forward and the time constraints attached to the funding.
- 3.2.8 The Council has worked up a programme and costs to carry out ground investigations within a broad corridor where it is anticipated the EORR will need to be aligned to meet highways design requirements and to address the ground stability issues. These costs are estimated to be in the region of £160,000. The findings of the ground investigations will inform the more detailed scope for the design and planning of the road and associated structural features. The ground investigations can be commissioned using existing procurement frameworks under the delegated authority of the Chief Highways and Transportation Officer. This work will be a critical first step to understanding the route alignment of EORR and how it will interface with the master planning required to support a coherent and joined up approach to the site. Appendix 3 sets out area of investigation for the route of EORR, which will be refined and formalised through due diligence on ground conditions, detailed highways and engineering design, consultation and planning.
- 3.2.9 Executive Board has previously authorised the Chief Officer Highways and Transportation to undertake the following key tasks to be funded through the HIF grant, in consultation with the former Executive Member for Regeneration, Transport & Planning:
- (a) Commission all relevant site and engineering due diligence activity to inform the scoping of the EORR scheme;
 - (b) Submit a planning application for the EORR;
 - (c) Procure a contractor for the delivery of the scheme.

3.3 Land Issues

3.3.1 The site allocation is in the main comprised of grade 3 agricultural land, (there are 5 grades of agricultural land and grade 3 is classed as average quality land used mainly for grazing/livestock. There are also a small number of existing residential properties, and a small amount of commercial land (horticultural nurseries which are used to serve the nearby garden centre).

3.3.2 The site is in mixed land ownership, the main landowners are the Council (7.4 Ha) and Persimmon Homes (8.7 Ha). Lovell Homes now also has option agreements in place for a number of other land interests (9.0 Ha). A plan showing the controlling interests of the allocation can be seen at Appendix 1.

3.3.3 All parties are now engaged in discussions to bring the site forward for development, with a number of broad sets of interest now in play:

- (i) Persimmon Homes freehold land and further land it holds under options, with Miller Homes having a separate option and content to let Persimmon Homes bring the site forward in their joint interest; under the previous Executive Board approval the Council's land within the allocation will also be disposed of to Persimmon on a one-to-one basis, with detailed terms to be agreed (see below);
- (ii) Third party land owners in the north of the site have now agreed terms with Lovell Homes; and
- (iii) The Ogden Group owns a small parcel of land in the western part of the site and has now joined wider discussions on the site.

3.3.4 Based on land ownerships and level of site assembly at the time of the September 2017 Executive Board report it was anticipated that two main discrete phases of development would be required, with Phase 1 comprising the delivery of EORR alongside Phase 2 being delivery of a policy compliant scheme. The indicative route of the EORR is identified by UDP Review Policy T20 (3) and shown on the Policies Map and this route is anticipated to follow a corridor of land that has been assembled and is separately in the freehold ownership (or under Option to) Persimmon Homes and the Council. Heads of Terms for the Council's proposed land disposal to Persimmon Homes were set out in the report as follows:

- (a) Council-owned land within the UDP mixed use allocation is sold to the developers on best consideration terms as part of Phase 1 of the development on a one-to-one basis;
- (b) Phase 1 was to include the construction of the entire East of Otley Relief Road by the developers under appropriate contractual obligations;
- (c) Subject to the success of any applications for external funding assistance, a grant is paid by the Council to the developer, equal to the amount received for disposal of the Council's Phase 1 land, to be used solely

towards the construction/delivery of the road;

- (d) The Council reserves its position in terms of any capital receipt/return from Phase 2 of the development but expects a suitable commercial return in view of its contribution to the delivery of the road under Phase 1 and the land value created as a result in Phase 2.

3.3.5 This latter principle was partially reserved in anticipation of there being a successful HIF bid, which it was envisaged would mitigate against the need for the Council to use its land value in this way. Although the Council could now potentially accept the HIF grant, subject to resolving commercial risk with all parties, there is the potential for the abnormal costs of the EORR scheme to increase above the £6.3m available. As such the Council may need to consider using its land value in this way *in addition* to the benefit of the HIF grant. Executive Board is asked to reaffirm the principle that should this be the case the Council makes a financial contribution to the costs of delivering the EORR scheme up to the equivalent value of the receipt for land disposals within the East of Otley allocation. On this basis it should be noted that there remain significant financial and viability risks to the delivery of the site.

3.3.6 As the land interests and relationships across the site have simplified with the introduction of a further housebuilder to represent the collected interests of the several separate land owners, further consideration has been given to the way in which the development will come forward and its phasing to ensure there is an equitable approach so that all parties will contribute a fair share of costs and take a proportionate return of value over the life of the development site, at all times reflecting the potential significant contribution from HIF and potentially the Council's further financial contribution.

3.3.7 In view of this and the other matters set out in this report it is proposed that the basis for the Council's disposal of land is amended as follows and further reflected in a later agreement between all parties to the site:

- (a) Council-owned land within the UDP mixed use allocation and adjacent land contained in the parameters of the East of Otley Development Brief can be sold to the freeholder or option holder of adjoining land on a one to one basis providing that all residential houses built on the land are sold on a freehold basis and that the terms represent best consideration and;
- (b) The construction of the entire EORR will be undertaken by the Council with contractual obligations on the acquiring party to provide the required freehold land for the scheme, with vacant possession;
- (c) The Council will commit the HIF grant, if drawn down, to the delivery of the EORR and if required, to meet the full abnormal costs associated with the construction of the road, commit further funding up to the equivalent value of the council's land disposals within the East of Otley site, noting that any additional normal costs of the scheme will be met by the development of the site together with any abnormal costs funding.

- (d) The Council enters into an agreement with all land owners or Option holders that will bind all parties to a fair and proportionate commitment of land and costs relating to the EORR and other planning policy objectives for the site, with equalised return of value from the related development.
- (e) The Council reserves its position in terms of any commercial return from the development subject to the delivery of all planning obligations and policy requirements associated with the site.

3.3.8 To the east of the site in the Green Belt is a greenspace allocation in mixed ownership, including land owned by the Council, which accommodates a number of pitches owned or leased for the benefit of three sports clubs - the Otley Town FC, Otlensians RUFC and Otley RUFC. This land could be partly affected by the alignment of the EORR, which will be required to pass through part of this area of playing pitches in order to make a connection with Pool Road. Persimmon Homes has additional Green Belt land under option to which any affected pitches of Otley RUFC could be relocated, subject to access to these being incorporated as part of the EORR project and planning permission.

3.3.9 However, the land provisionally identified for these pitch relocations is also within the Green Belt and sits within a wider Sand & Gravel extraction site (Natural Resources and Waste DPD, Minerals Policy 5.2). Sports pitches can fall within an exception to inappropriate development in the green belt. However, there is a conflict with the Sand & Gravel extraction site; as minerals are a finite natural resource and can only be worked where they are found. Further the land falls within the functional floodplain. These issues need to be resolved before the land identified could be deemed acceptable as a location for replacement sports pitches.

3.3.10 It should be noted that separately there are local ambitions for a larger 'sports hub' to be developed in the Green Belt at this part of Otley, which could involve the co-location of several sports clubs with extensive new pitches, clubhouse and parking facilities. Included in this ambition is the proposed relocation by Otley RUFC of facilities from its current ground at Cross Green. These proposals will not form part of the East of Otley allocation other than as far as the relocation requirements arising from the EORR scheme affect the existing pitches. The ambitions for a sports hub will be a separate project that is not being promoted by the Council and will be subject to its own independent planning assessment which will need to resolve the issues of Green Belt; sand and gravel extraction and floodplain. However, the potential integration and access arrangements from EORR require consideration in the overall development principles being worked up in the Council led Development Brief.

3.4 Former Ing's Tip & Council owned land north of Cambridge Way

3.4.1 The Ing's Tip land which sits to the north, east and southern boundaries of the East of Otley site (not part of the H3-3A.30 allocation) is currently allocated as greenspace within the UDP and redesignated as such in the SAP (see

Appendix 1). The 5.2 hectare site comprises an irregular-shaped area of undeveloped grassed land. Overall, the site slopes down from the southwest to the northeast by approximately 4-5m in height, and is mounded centrally. The site is bound to the north by a surface water feature named as Main Dyke. Additional drains or dykes are located along the north western and eastern site boundaries, which are generally overgrown. Main Dyke, in particular, is heavily overgrown.

- 3.4.2 A recent geotechnical survey commissioned by the Council established that the site was in use as a refuse tip from approximately 1921, and appears to have been reinstated and taken its current layout from the 1980s. Work to eradicate invasive plant species commenced in October 2018.
- 3.4.3 Notwithstanding its current condition and appearance it is recognised that the Ing's Tip site has an important informal amenity value as an accessible open space on the edge of the Otley settlement. In discussion with Ward Members assessment has been made of the scope to incorporate the open space that Ing's Tip provides as part of the wider development of the adjoining East of Otley site, enabling its remediation and place-making as part of the wider master planning of the site. This would only be acceptable to Ward Members if it would retain the current scale, coherence and accessibility of the space for greenspace. The option of including Ing's Tip within the Development Brief allows for partial offsetting of the Core Strategy on-site greenspace policy requirements (G4) for the site. The value added by this approach provides for developer investment to remediate and significantly enhance the quality of Ing's Tip over and above its current condition for the benefit of both existing and new local residents. The Ing's Tip site would otherwise remain in its current condition and could be perceived as an eye-sore, with no other long term funding available for its remediation and enhancement.
- 3.4.4 Executive Board is asked to agree that consultation is undertaken with local stakeholders to explore the potential for inclusion of the former Ing's Tip in the master planning of the East of Otley proposals for greenspace enhancement.
- 3.4.5 There is a further parcel of adjoining council owned land outside the East of Otley allocation on the western boundary north of Cambridge Way, as shown on the plan at Appendix 1. For the purposes of developing a comprehensive development it is proposed that the site is included within the plan boundary and forms part of the future consultation with stakeholders. Conversely as indicated on the plan, if left as is this site could become land-locked and not form part of a comprehensive approach to securing full benefits from the master planning approach.

3.5 East of Otley Planning Approach

- 3.5.1 Given the anticipated scale of development it is essential that the site is brought forward in a comprehensive and timely way with consideration of the requirements for the proposed land uses and infrastructure; designed and

connected to create a new and integrated community. The delivery of such infrastructure is essential as an integral part of the development and a Development Brief is drafted by the Council that sets out the guiding principles. This has been subject to informal consultation with ward members and the developer parties to the site, and it is intended that informal consultation is undertaken with the Otley Neighbourhood Forum prior to wider more formal public consultation, the programme for which is to be agreed in consultation with the Executive Member for Climate Change, Transport and Sustainable Development

3.5.2 This development brief will inform a more detailed master planning exercise to be jointly commissioned by the Council and developers.

3.5.3 The planning approach to the site needs to:

- consider the delivery mechanism for EORR as required by UDP Policy HG3.3A.30 E4 (20) and T20(3) and how the other Core Strategy and SAP site requirements will be secured, including
 - housing
 - 5 hectares of employment land
 - greenspace
 - landscaping
 - Access points
 - Local community facilities; which could include the relocation of sports pitches
 - A new primary school (SAP Policy HG5)
- determine a practical path to follow as a means of delivering acceptable planning schemes, setting the framework for a comprehensive master plan and ultimately planning application(s);
- set out broad principles for development; and
- set key aims and objectives including:
 - creating desirable and attractive places to live supported by appropriate infrastructure such as schools and movement infrastructure including pedestrian, cycle, public transport and road connectivity and securing health and wellbeing and child friendly principles;
 - connecting residents with job opportunities;
 - enhancing and creating new public open spaces and delivering quality public realm.

3.5.4 To ensure comprehensive and complementary development it is expected that development proposals come forward in a holistic manner. This will involve ongoing stakeholder engagement which brings all landowner interests together. This not only has the benefit of planning the site in a coordinated way, but also allows an equalisation approach to land values to be established

which ensures that the delivery of key infrastructure such as greenspace does not fall onto single ownerships, but is spread across the entire site.

- 3.5.5 The process of 'place-making' for the East of Otley will therefore embrace the planning and delivery of new homes, employment, school, green spaces and transport and movement infrastructure. It needs to complement Otley with the site becoming a desirable residential neighbourhood with access to local jobs and training.
- 3.5.6 The emphasis will be on 'liveability' and 'sustainability' through the application of design principles that are in accordance with the Local Planning Authority's best practice guidance on residential development, (the 'Neighbourhoods for Living' Supplementary Planning Document) and the Core Strategy, which states that new development will be expected to deliver high quality innovative design that has evolved, where appropriate, through community consultation and which respects and enhances the variety of existing landscapes, streets, spaces and buildings according to the particular local distinctiveness and wider setting of the place, contributing positively towards quality of life and being accessible to all.
- 3.5.7 The delivery of new homes and employment and supporting uses in the East of Otley site is a multi-faceted and complex exercise that requires co-ordination with a number of development interests and public service providers across a number of land ownerships. Central to the ability to deliver on this ambition is the requirement to unlock the site through the provision of a new EORR as part of the policy associated with the UDP policies and allocation, to support all allocated and approved development and to achieve the strategic highway objective to provide an upgrade in orbital capacity, to enhance links from east to south of Otley with the benefit of reducing traffic within Otley and relieving congestion on the existing road network.

3.6 Otley Neighbourhood Plan

- 3.6.1 In September 2017, Otley Town Council undertook consultation on the Pre-Submission Draft of the Otley Neighbourhood Plan. Since then consideration has been given to comments received and amendments made accordingly. The Town Council have submitted the plan (November 2018) and it is anticipated that the Inspectors Report will be available in the Summer 2019, possibly June. Depending upon the Inspector's recommendations, the Plan will then be subject to a referendum.
- 3.6.2 The Draft Plan has given serious consideration to the basic principles which should underpin the development of the East of Otley. The plan sets out local concerns regarding traffic congestion within Otley and the wider area, particularly given the unknown consequence of other planned (and unplanned) developments in Otley and the surrounding areas. It is however recognised that a completed relief road is likely to improve traffic flows around the town and may even create significant opportunities to make traffic improvements within the town centre.

- 3.6.3 There are further concerns about flooding and pollution in association with the development of the East of Otley site. The Draft Neighbourhood Plan states that run-off from the Chevin, emergent groundwater and rainfall would need to be buffered on the site, without creating unplanned flooding, and be discharged with no increase in off-site flooding.
- 3.6.4 According to the Draft Neighbourhood Plan, the East of Otley proposals represent the most significant development within Otley over the next 11 years, and arguably beyond, and is likely to have profound impacts on the town on many levels. The plan makes it clear that the key components of the allocation i.e. housing, employment, relief road and school must each be developed in a way which minimises impact upon the existing town and community, while maximising benefits for both current and future residents.
- 3.6.5 In bringing forward the proposals for the East of Otley site it will be essential to engage with and involve Otley Town Council to ensure the provision and aspirations in the Neighbourhood Plan are incorporated.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The mixed use allocation to the East of Otley has previously been subject to public consultation as part of the UDP and SAP. Implementation issues relating to the allocation have also been discussed with Otley Town Council in the preparation of the emerging Otley Neighbourhood Plan. Discussion has also taken place between local ward members, the developers and their agents and Otley Town Council regarding the issues associated with bringing this site forward. Council officers have also worked directly with the developers and their agents in working up the HIF bid and the due diligence exercise that followed.
- 4.1.2 Further consultation will take place with the Executive Member for Climate Change, Transport and Sustainable Development, ward members and other local stakeholders as further details are developed in discussion with the developers and other landowners.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality and Diversity, Cohesion and Integration (EDCI) screening has been completed to inform the consideration of the issues set out in this report (Appendix 4). As the recommendations are in part an update from an earlier report (September 2017) and relate to the principles around HIF funding, the council's role in the design and construction of the relief road and land transactions, it is assessed that at this stage there are no EDCI implications but this will be kept under review through the next stages of work to bring forward this development and the related infrastructure.

4.3 Council Policies and Best Council Plan

- 4.3.1 The adopted Core Strategy, UDPR 2006 saved policies and the highly advanced SAP and Core Strategy Selective Review play a key strategic role in

taking forward the spatial and land use elements of Leeds Best Council Plan. Related to this overarching approach and in addressing a range of social, environmental and economic objectives, these Plans seek to support delivery of our ambition to be a strong economy and a compassionate city. In particular, they support the Best Council Plan 2019/20 – 2020/21 priorities on Sustainable Infrastructure, Inclusive Growth, Health and Wellbeing and Safe, Strong Communities.

Climate Emergency

- 4.3.2 A Climate Change Emergency was declared by the City Council on 27th March 2019. It is therefore critical that the statutory plan-making process and the implementation of those plans contributes to the sustainable development of the District and the ability to mitigate and adapt to the consequences of climate change (including the need for carbon reduction to meet agreed targets).
- 4.3.3 Taken as a whole, the Leeds Local Plan (and Supplementary Planning Documents and Guidance), including the adopted Natural Resources and Waste Plan, Core Strategy, Aire Valley Leeds Area Action Plan,, and the Core Strategy Selective Review and the Site Allocations Plan (both at an advanced stage), have a positive impact on reducing carbon emissions and protecting and enhancing biodiversity. A consequence of not having these plans in place and ensuring they are delivered is poorly planned, unco-ordinated and *ad hoc* development proposals, being determined on their merits outside an integrated planning framework.
- 4.3.4 A fundamental purpose of a plan-led approach, is to plan the spatial and inclusive growth of the District, with regard to the longer term strategic imperatives of Sustainable Development and Climate Change. Consequently, the integration of land use allocations and transport planning, the provision of renewable energy and sustainable infrastructure for new development, the protection and enhancement of green infrastructure and the management of waste flows and the consumption of natural resources, are integral to the policy framework for influencing investment decisions and the determination of planning applications.
- 4.3.5 Within this overall context, the East of Otley mixed use allocation identifies land for new homes and jobs in a location found to be sound and sustainable, consistent with the overarching framework of the Core Strategy so as to reduce the need for people to travel (providing attractive connections for pedestrians and cyclists to the centre of Otley (including public transport) and wider cycling links) and ensure local needs are met locally as far as possible.
- 4.3.6 Significantly also, the East of Otley allocation will create and integrate improved green space and landscaping; serving to provide important local amenity and recreation (having health and wellbeing benefits) but will also form part of a wider green infrastructure and habitats network (biodiversity benefits, tree protection/planting), which in turn contributes mitigating the effects of climate change through urban cooling, flood storage, sustainable drainage and reducing greenhouse gases.

4.3.7 In addition the development at the East of Otley can meet energy efficiency standards and tighter water consumption standards alongside provision of electric vehicle charging points and the potential to design in renewable energy generation, as set out in Core Strategy policy and these elements of design will be pursued through the masterplanning and application process to ensure that the development is consistent with policy and necessary responses to climate change issues are addressed.

4.4 Resources and value for money

4.4.1 Under the principles set out in this report the Council would seek best consideration for its land as part of any transaction to enable the development and related infrastructure at the East of Otley site.

4.4.2 In entering into the initial HIF funding agreement with HE the Council will be able to work with the agency and other parties to the site to identify ways in which the conditions relating to grant recovery can be agreed to enable grant draw down with an acceptable level of financial or legal risk to the Council.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Leeds-based external legal advisors Womble Bond Dickinson have been appointed by the Council to assist in providing a joined up approach to the range of legal matters relating to the site, including the disposal of the Council's land, planning co-ordination, commercial and other agreements that may be required to assure delivery and manage risks to the Council.

4.5.2 As part of the detailed consideration of the proposals outlined in this report further regard will need to be given to ensure any proposals brought forward are State aid compliant.

4.5.3 If the Council decides to accept the HIF grant including the conditions set out in Appendix 2, the monies would be paid directly to the Council in 6 monthly instalments through s31 of the Local Government Act 2003. The Council would be responsible for spending any funding received in accordance with all applicable legal requirements and for demonstrating recovery of the grant upon completion of the site development.

4.5.4 The Council has wide ranging powers in respect of the proposals outlined in this report: Section 24 of the Highways Act 1980 allows the Council to construct new highways, Section 123 of the Local Government Act 1972 provides for the Council to dispose of land, Section 111 of the Local Government Act 1972 gives the Council the power to do anything which will facilitate or is conducive or incidental to the discharge of any of its functions, whilst Section 1 of the Localism Act 2011 gives the Council the power to do anything that individuals generally may do subject to some restrictions.

4.6 Risk Management

4.6.1 The delivery of the EORR scheme and mixed use development provides a significant contribution to housing delivery in Leeds and is the largest housing

site in the Outer North West Housing Market Characteristic Area and will contribute to local housing needs including affordable housing provision. Failure to deliver the site would undermine the corporate risk and responsibility of the Council to deliver new housing to meet housing requirements in the Core Strategy. This is a major site that will deliver a significant number of homes to help mitigate this risk.

- 4.6.2 Subject to Executive Board approval the Council would approach any sale of its land based on the principles established in this report, specifically to ensure both Best Consideration and that the funding and delivery of the EORR is secured as part of a policy compliant approach to development of the wider site. No commitment to a transaction will be made unless and until the Council can gain certainty on these matters and subject to further appropriate consultation with the Executive Member for Climate Change, Transport and Sustainable Development and relevant governance approvals.
- 4.6.3 Work is well underway with the main developer interests and all parties are working in collaboration to establish the full development scope and phasing, alongside working up estimated costs relating and anticipated land values.
- 4.6.4 There are risks associated with the Housing Infrastructure Funding (HIF). The grant agreement is between the Council and HE and is conditional on the following key provisions:
- Delay in receiving HIF Funding preventing commissioning of essential survey works (environments and ecological) – these have been offset by initial financial provision in the capital programme and agreement between all parties to the site that preliminary costs will be shared if HIF is not ultimately drawn down. Eligible costs can be claimed retrospectively through the HIF grant if it is drawn down;
 - The Council would be liable for grant recovery, though such value may not be available from the scheme upon its completion – the Council and parties to the site will establish further detailed information about the site and ways in which recovery could be enabled prior to committing to grant draw down;
 - Funding could be conditional on achieving programme milestones – the Council is continuing to work with all parties to the site to move the EORR scheme planning, design brief and master planning
 - Programme slippage in delivery of EORR impacting on Council's ability to spend HIF MV funding - this remains a risk but can be partly mitigated by HE's extension of the draw down date to March 2022 and design of the procurement, design and delivery programme accordingly
 - The funding amount is only intended to meet abnormal gaps in infrastructure funding and may not be substantial enough to make the scheme fully viable – an agreement will need to cover the expectations on all parties to meet the full costs associated with the development of the site.
- 4.6.5 Work is now underway on the design and planning of EORR, a programme of work has now been agreed by all parties and a risk management plan produced to identify and manage the main risks associated with the scheme.

5 Conclusions

- 5.1 The East of Otley site is a major mixed use development allocation in the Outer North West HMCA and will play a key role in delivering housing and employment needs for Otley and the wider city, meeting ambitions set out in the Best Council Plan, the Core Strategy and the Inclusive Growth Strategy.
- 5.2 There is a need for the Council to take a key role in enabling the development of the site, particularly through leading on the EORR project and deploying the HIF grant, but also to use its convening and planning powers to offer the appropriate guidance and support that will optimise the delivery of the essential infrastructure and accelerated housing development.

6 Recommendations

- 6.1 Executive Board is asked to:
- i) Note the positive progress made and reconfirm the Council's commitment to bringing forward the East of Otley mixed use site;
 - ii) Note the approval by the Director of City Development, that the Council enter into a funding agreement with HE for a Housing Infrastructure Fund grant of £6.318m, on the basis set out at paragraph 3.1.10, and that the approved injection of this sum into the Capital Programme along with contractual arrangements of the funding will be the responsibility of the Head of Regeneration;
 - iii) Agree that the Council takes a leading role on the delivery of the East of Otley Relief Road project, and that the Chief Highways & Transportation Officer, in consultation with the Executive Member for Climate Change, Transport and Sustainability undertakes the actions set out at paragraphs 3.2.7 and 3.2.8, to enable its delivery;
 - iv) Approve the principal of the Council making a financial contribution to the East of Otley Relief Road and note the contingent delivery risks as outlined in paragraph 3.3.5
 - v) Approve the revised heads of terms relating to the disposal of the Council's land within the East of Otley allocation and that the Council enters into an Agreement with developers to facilitate the delivery of the East of Otley Relief Road project, as set out at paragraph 3.3.7, and note that the Head of Land & Property will be responsible for agreeing the detailed terms of the disposal and the agreement;
 - vi) Note the intention to undertake consultation on a Development Brief for the East of Otley site as set out at paragraph 3.5.1, approve that this includes the potential inclusion of Council-owned land at the former Ing's Tip and north of Cambridge Way, and note that the Head of Strategic Planning will be responsible for delivery of the brief.

7 Appendices

- 7.1 Appendix 1 – Site Plan & Land Interests
- 7.2 Appendix 2 – HIF Bid Conditions
- 7.3 Appendix 3 – EORR Indicative Alignment
- 7.4 Appendix 4 – EIA Screening Form

8 Background documents¹

- 8.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.